3618. Also, petition of the Knights of Columbus, Long Island Chapter, Brooklyn, N.Y., urging support and approval of certain amendments contained in Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3619. Also, telegram from Greenhill & Daniel, Inc., New York City, protesting against the enactment of the Wagner-Connery bills; to the Committee on Labor.

3620. Also, petition of the Certain-teed Products Corporation, New York City, opposing the passage of House bill 8303 and Senate bill 2897; to the Committee on Interstate and Foreign Commerce.

3621. Also, petition of the Mundet Cork Corporation, New York City, urging defeat of the National Securities Exchange Act of 1934, the Wagner-Connery bill, and the tariff reciprocity bill; to the Committee on Ways and Means.

3622. Also, petition of Frank Associates, Inc., New York City, opposing the Wagner bill (S. 2926), the amendment to the tariff act (H.R. 8687), and the Connery 30-hour week bill (H.R. 8492); to the Committee on Labor.

3623. Also, petition of the Bilt-Rite Baby Carriage Co., Brooklyn, N.Y., opposing the enactment of House bill 8430, Senate bill 2926, and House bill 8423; to the Committee on Ways and Means.

3624. By Mr. PERKINS: Petition of the Woman's Christian Temperance Union of Hackensack, N.J., urging early hearings and favorable action on House bill 6097; to the Committee on Interstate and Foreign Commerce.

3625. By Mrs. ROGERS of Massachusetts: Petition of the House of Representatives of the State of Massachusetts, memorializing Congress for legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard; to the Committee on Labor.

3626. Also, petition of the House of Representatives of the State of Massachusetts, opposing the proposed imposition of a 1 day's furlough each month on certain employees in the Postal Service of the United States; to the Committee on the Post Office and Post Roads.

3627. By Mr. RUDD: Petition of the Steuben Knitting Co., Inc., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3628. Also, petition of the Mundet Cork Corporation, New York City, opposing the passage of the National Securities Exchange Act, the Wagner-Connery bill, and the tariff reciprocity bill; to the Committee on Interstate and Foreign Commerce.

3629. Also, petition of the Negro Foreign-Born Citizens' League, New York City, favoring the De Priest resolution; to the Committee on Rules.

3630. Also, petition of the Vulcan Proofing Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3631. Also, petition of the Certain-teed Products Corporation, New York City, opposing the passage of House bill 8303 and Senate bill 2897; to the Committee on Ways and Means.

3632. Also, petition of Greenhill & Daniel, Inc., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3633. Also, petition of the Long Island Chapter, Knights of Columbus, Brooklyn, N.Y., favoring the passage of Senate bill 2910 with amendments 301 (a), 301 (b), and 301 (c); to the Committee on Merchant Marine, Radio, and Fisheries.

3634. Also, petition of the William R. Warner & Co., Inc., New York City, protesting the increase of the tax on nonbeverage alcohol; to the Committee on Ways and Means.

3635. By Mr. SADOWSKI: Petition endorsing the McLeod bill; to the Committee on Banking and Currency.

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# SENATE

## THURSDAY, APRIL 5, 1934

*(Legislative day of Wednesday, Mar. 28, 1934)*

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Tuesday, April 3, and Wednesday, April 4, was dispensed with, and the Journal was approved.

### CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

| | | | |
|---|---|---|---|
| Adams | Copeland | Johnson | Patterson |
| Ashurst | Costigan | Kean | Pope |
| Austin | Couzens | Keyes | Reed |
| Bachman | Davis | King | Reynolds |
| Bailey | Dickinson | La Follette | Robinson, Ark. |
| Bankhead | Dieterich | Lewis | Robinson, Ind. |
| Barbour | Dill | Logan | Russell |
| Barkley | Duffy | Lonergan | Schall |
| Black | Erickson | Long | Sheppard |
| Bone | Fess | McAdoo | Shipstead |
| Borah | Fletcher | McCarran | Smith |
| Brown | Frazier | McGill | Steiwer |
| Bulkley | George | McKellar | Thomas, Okla. |
| Bulow | Gibson | McNary | Thomas, Utah |
| Byrd | Goldsborough | Metcalf | Thompson |
| Byrnes | Gore | Murphy | Townsend |
| Capper | Hale | Neely | Tydings |
| Caraway | Harrison | Norbeck | Vandenberg |
| Carey | Hastings | Norris | Van Nuys |
| Clark | Hatch | Nye | Wagner |
| Connally | Hayden | O'Mahoney | Walsh |
| Coolidge | Hebert | Overton | White |

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold.

I desire further to announce that the Senator from Mississippi [Mr. STEPHENS], the Senator from Virginia [Mr. GLASS], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Connecticut [Mr. WALCOTT] are necessarily absent.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

### RELIEF OF GOVERNMENT CONTRACTORS OPERATING UNDER CODES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting draft of proposed legislation to provide relief to Government contractors operating under codes whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, which, with the accompanying paper, was referred to the Committee on Finance.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate telegrams in the nature of memorials from sundry citizens of New Orleans, La., remonstrating against the passage of the so-called "Fletcher-Rayburn stock exchange bill" in its present form and favoring a less drastic bill, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Scandinavian Workers Unity Conference at Viking Temple, at Chicago, Ill., favoring the passage of House bill 7598, the so-called "workers' unemployment insurance bill", which was referred to the Committee on Education and Labor.

Mr. ROBINSON of Arkansas presented a letter from Henry A. Bellows, of the Columbia Broadcasting System, Washington, D.C., relative to the bill (S. 1928) to enable the United States to enter the International Copyright Union, which was referred to the Committee on Foreign Relations.

Mr. KEAN presented a memorial of sundry citizens of the State of New Jersey, remonstrating against the entrance of the United States into the League of Nations or the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented the petition of Pratt Lodge, No. 734, Brotherhood of Locomotive Firemen and Enginemen, of Pratt, Kans., favoring the passage of Senate bill 2519, to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Local Union No. 6615, United Mine Workers of America, of Hume, Mo., and Coffeyville Lodge, No. 54, Brotherhood Railway Carmen of America, of Coffeyville, Kans., favoring the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which were referred to the Committee on Education and Labor.

He also presented the memorial of the board of directors of the Dodge City (Kans.) Chamber of Commerce, remonstrating against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

Mr. COPELAND presented a resolution adopted by a meeting of the Home Owners and Taxpayers Association of Staten Island, N.Y., favoring the continuation of the full Civil Works Administration relief program, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Common Council of the City of Yonkers, N.Y., favoring the passage of legislation eliminating pay cuts and furloughs in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the executive committee of the Catskill (N.Y.) Chamber of Commerce, favoring the passage of the so-called "Whittington bill", providing an additional appropriation of $400,000,000 for highway improvement work, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Butler (Pa.) Chamber of Commerce, protesting against the passage of the so-called "Wagner labor board bill", relative to collective bargaining, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by New York Typographical Union, No. 6, of New York City, N.Y., favoring the prompt passage of the bill (H.R. 7598) to provide for the establishment of unemployment and social insurance, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the board of directors of the Chamber of Commerce of Paterson, N.J., protesting against the passage of the bill (H.R. 7202) to provide a 30-hour week for industry, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented resolutions adopted by Branch No. 476, Workmen's Circle; Local Union No. 1292, United Brotherhood of Carpenters and Joiners of America, and the Workers' Association, all of Huntington, Long Island, N.Y., favoring the passage of the so-called "Wagner labor board bill", especially in relation to collective bargaining, which were referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Syracuse (N.Y.) Chamber of Commerce, protesting against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by members of the Architectural Guild of America, New York City, N.Y., favoring the passage of the so-called "Wagner 30-hour work week bill", and the Wagner labor board bill, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by employees' representatives of store managers and store staffs on the joint management council of the Jewel Food Stores, department of Jewel Tea Co., Chicago, Ill., protesting against the passage of legislation which would prohibit or jeopardize the right of workers to freely choose their representatives and to bargain collectively with employers, which was referred to the Committee on Education and Labor.

He also presented a petition of members of the Baptist Church of the Redeemer of Yonkers, N.Y., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Brooks Class of the Methodist Episcopal Church of Canandaigua, N.Y., favoring the passage of legislation prohibiting the shipment of arms and munitions to foreign countries, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by members of the Sarsfield Club, of Long Island City, N.Y., protesting against the entrance of the United States into the League of Nations and the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented petitions and papers in the nature of petitions of sundry citizens and organizations in the State of New York, praying for the passage of the so-called "Patman motion picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Unit No. 1, Irish-American Independent Political Unit, Inc., of New York City, N.Y., favoring the adoption of an amendment to the so-called "communications commission bill", allowing a fair proportion of radio time to be devoted to religious, educational, and moral teachings, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Branch No. 104, Holy Name Society, Church of the Incarnation, of New York City, N.Y., protesting against the allotment made of wave length and broadcasting time to Radio Station WLWL, operated by the Missionary Society of Saint Paul the Apostle, also known as the Paulist Fathers, and favoring liberalizing amendment of the so-called "communications commission bill", which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Brooklyn (N.Y.) Catholic Action Council, favoring amendment of the so-called "communications commission bill", allowing more liberal radio time to educational, agricultural, religious, labor, and similar noncommercial organizations, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Marquette Council, No. 157, Knights of Columbus, of New York City, N.Y., favoring the adoption of an amendment to the communications commission bill providing more adequate radio time to religious, educational, and similar organizations, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Xavier Alumni Sodality, of New York City, N.Y., favoring the adoption of an amendment to Senate bill 2910, relative to a communications commission, alloting more liberal radio time to religious, educational, agricultural, and other human welfare agencies, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Somerset Woman's Christian Temperance Union, of Utica, N.Y., protesting against the passage of the so-called "Celler bill", being House bill 7129, repealing the law forbidding the sale or possession of intoxicating or spirituous liquors at Army or Navy stations or camps, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Colonel John G. Butler Camp, No. 86, United Spanish War Veterans, Department of New York, of Syracuse, N.Y., favoring the passage of legislation for the benefit of Spanish War veterans, which was referred to the Committee on Military Affairs.

### IMPROVEMENT OF THE WHITE RIVER VALLEY

Mr. ROBINSON of Arkansas. I present and ask unanimous consent to have printed in the RECORD and appropriately referred an important letter addressed to me having relation to the improvement of the White River Valley.

There being no objection, the letter was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

WALTON RICE MILL, INC.,
*Stuttgart, Ark., March 31, 1934.*

Senator JOE T. ROBINSON,
*Washington, D.C.*

HONORABLE SIR: I desire to bring to your attention a matter that on previous occasions has been attempted but for various reasons has been discarded. It now seems, in defense of the position of the Arkansas rice industry, it must be carried to a favorable conclusion, otherwise we greatly fear the industry will pass out by reason of the condition possibly created by others who have pursued a more aggressive policy.

You will appreciate the Arkansas industry is completely at the mercy of rail carriers as a means of conveying our manufactured product from the mill to consuming markets. You are also aware that under the stress of economic conditions for the most part carriers have been reluctant to grant concessions in rates that might normally be expected by reason of commodity declines. You probably would be surprised that during the past year or so we have made shipments to many markets where the rate assessed by carriers even exceeded the value of the shipment itself.

These all are glaring facts, and we must tell you that these conditions are undermining the industry, which, if left uncorrected, will eventually cause the Arkansas rice industry to dry up and pass out of the picture entirely.

In the first part of this letter I mentioned others who have been more aggressive. Reference is made to millers located at both Louisiana and Texas who have taken, so to speak, mere remnants of a waterway and developed it into a modern system of inland canal, with the result these millers today, although located many miles more distant from the interior market than we, can now compete favorably with the Arkansas millers and in addition participate in export business, to the detriment and expense of the Arkansas rice-milling industry.

Just recently the Arkansas millers have filed with the Interstate Commerce Commission a petition attacking all clean-rice rates from Memphis, Tenn., Louisiana, and Texas as being preferential and discriminatory to the Arkansas milling interests. This will be a long-drawn-out procedure, as you are aware, and most probably in the end will not give us the necessary relief.

As you know, traffic on the Mississippi River now extends from New Orleans to Chicago. This, coupled with intercoastal canal through Louisiana into Texas, gives these mills access to important interior destinations that previously were only available by rail movement, and even into the Ohio River crossings, all of which has pushed the Arkansas miller into such a small territory that his very existence is now in jeopardy.

This industry has only asked a small consideration from the Government in the past, and has, wherever possible, fought its battles to maintain its existence as best it could without enlisting outside assistance. We now have apparently reached the end of the rope unless we can enlist your support in a move to create a lasting and permanent relief.

The confidence of Arkansas, if not the Nation, is invested in you to assist and fight for any worthy cause. So now the Arkansas millers are asking that you assist in the development of White River to a point where the fertile Arkansas White River Valley can again encourage its industry and enjoy to the important inland markets or to the ports, as they choose, an outlet on a competitive rate structure such markets as are available for the consumption of our manufactured products.

I cannot stress the importance of such a move too vigorously, and I sincerely hope you will lend full support to a successful conclusion of this project, that I feel would be a monument to the future of Arkansas.

With kindest regards and all good wishes I shall anxiously await your further reply.

Very sincerely,

C. R. WALTON.

## REPORTS OF COMMITTEES

Mr. WALSH (for Mr. TRAMMELL), from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports as indicated thereon:

S. 113. An act for the relief of Hans Dahl (Rept. No. 596);

S. 164. An act for the relief of Joseph Gould (Rept. No. 597);

S. 333. An act for the relief of Clarence Leroy Witham (Rept. No. 599);

S. 367. An act for the relief of Hugh Flaherty (Rept. No. 600);

S. 427. An act for the relief of Edgar Joseph Casey (Rept. No. 601);

S. 1172. An act for the relief of certain officers of the Dental Corps of the United States Navy;

S. 1797. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg. (Rept. No. 602);

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport* (Rept. No. 603);

H.R. 408. An act for the relief of William J. Nowinski (Rept. No. 604);

H.R. 507. An act for the relief of John Thomas Simpkin (Rept. No. 605);

H.R. 909. An act for the relief of Elbert L. Grove (Rept. No. 606);

H.R. 1404. An act for the relief of John C. McCann (Rept. No. 607);

H.R. 2040. An act for the relief of P. Jean des Garennes (Rept. No. 608);

H.R. 2041. An act for the relief of Irwin D. Coyle (Rept. No. 614);

H.R. 2074. An act for the relief of Harvey Collins (Rept. No. 609); and

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania (Rept. No. 612).

Mr. WALSH also (for Mr. TRAMMELL), from the Committee on Naval Affairs, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 309. An act granting an honorable discharge to Willard Heath Mitchell (Rept. No. 598);

S. 1979. An act for the relief of Austin L. Tierney (Rept. No. 610); and

H.R. 276. An act to authorize the placing of a bronze tablet bearing a replica of the congressional medal of honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va. (Rept. No. 611).

Mr. WALSH also (for Mr. TRAMMELL), from the Committee on Naval Affairs, to which was referred the bill (S. 865) to correct the naval record of Michael J. Budzinski, reported it with amendments and submitted a report (No. 613) thereon.

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3016. An act for the relief of the Dongji Investment Co., Ltd. (Rept. No. 615);

S. 3047. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass. (Rept. No. 616);

H.R. 880. An act for the relief of Daisy M. Avery (Rept. No. 617); and

H.R. 4542. An act for the relief of Frank Wilkins (Rept. No. 618).

Mr. LOGAN also, from the Committee on Claims, to which was referred the bill (S. 2112) for the relief of W. H. Key and the estate of James R. Wilson, reported it with amendments and submitted a report (No. 619) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 2969) for the relief of the Mary Black Memorial Hospital, reported it with amendments and submitted a report (No. 621) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 526. An act for the relief of Arthur K. Finney (Rept. No. 622);

H.R. 879. An act for the relief of John H. Mehrle (Rept. No. 623);

H.R. 2818. An act for the relief of Katherine G. Taylor (Rept. No. 624);

H.R. 4959. An act for the relief of Mary Josephine Lobert (Rept. No. 625); and

H.R. 6638. An act for the relief of the Monumental Stevedore Co. (Rept. No. 626).

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 1690) for the relief of the Bowers Southern Dredging Co., reported it with an amendment and submitted a report (No. 627) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 191. An act for the relief of William K. Lovett (Rept. No. 628);

H.R. 232. An act for the relief of Anna Marie Sanford (Rept. No. 629); and

H.R. 666. An act for the relief of Charles W. Dworack (Rept. No. 630).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (H.R. 4013) to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926, reported it without amendment and submitted a report (No. 631) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 887. An act for the relief of Lucy B. Hertz and J. W. Hertz (Rept. No. 632); and

S. 1231. An act for the relief of A. H. Marshall (Rept. No. 633).

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2440) to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Parks in the States of Tennessee and Georgia, reported it without amendment and submitted a report (No. 620) thereon.

Mr. ASHURST (for Mr. WHEELER), from the Committee on Indian Affairs, to which was referred the bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians, reported it without amendment and submitted a report (No. 634) thereon.

### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Austin D. Smith, of Delaware, to be United States marshal, district of Delaware, to succeed Charles Hanratty, whose term expired March 8, 1934.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McGILL:

A bill (S. 3297) to authorize the appointment of Sgt. George B. Telford as a warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. REED (by request):

A bill (S. 3298) relating to the record of registry of certain aliens; to the Committee on Immigration.

By Mr. KEAN:

A bill (S. 3299) to authorize the presentation of a Distinguished Service Cross to Ardashes M. Gulamerian; to the Committee on Military Affairs.

By Mr. ROBINSON of Arkansas (for Mr. TRAMMELL):

A bill (S. 3300) for the relief of W. J. DuRant; to the Committee on Claims.

By Mr. HASTINGS:

A bill (S. 3301) to amend the Securities Act of 1933, approved May 27, 1933; to the Committee on Banking and Currency.

### INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. HEBERT and Mr. SHIPSTEAD each submitted an amendment, Mr. CLARK submitted two amendments, and Mr. McKELLAR submitted three amendments intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which were severally ordered to lie on the table and to be printed.

### EXEMPTION FROM TAX OF OILS USED FOR MEDICINAL PURPOSES—AMENDMENT

Mr. COPELAND. Mr. President, I present an amendment intended to be proposed by me to the pending revenue bill, and ask that it may be printed in the usual form, printed in the RECORD, and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment intended to be proposed by Mr. COPELAND to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, is as follows:

In section 602, paragraph (a), on page 214, line 15, strike out the period and insert the following: "nor the use of any of the oils included in this paragraph in the manufacture of an article or product not intended for use as food for human consumption or for medicinal purposes."

Mr. COPELAND. Mr. President, the purpose of this amendment is to exempt from the excise tax of 3 cents per pound coconut oil, palm oil, palm-kernel oil, sesame oil, whale oil, sperm oil, and cod oil when used in the manufacture of articles or products not intended for use as food for human consumption, and cod-liver oil, halibut oil, and other vitamin-potency fish oils which are used for medicinal purposes. In other words, when the foregoing oils are used in the manufacture of an article or product not intended for use in a food for human consumption or for medicinal purposes they would bear no excise tax. By the adoption of this amendment the Senate could save the American public a tremendous burden of expenses in connection with these excise taxes and yet not interfere to any appreciable degree with such benefits as would accrue to the farmer from the levying of these excise taxes.

In the case of coconut oil, about 70 percent of the total annual consumption of this oil goes into the manufacture of soap, rubber auto tires, and the tanning of leather and miscellaneous manufacturing activities. It is even used in the manufacture of road-building materials. In none of these can it be said that it is in any way competitive with oils and fats of domestic origin.

I am informed that the original purpose in the House in placing a tax on coconut oil was to protect the butter maker and the dairyman. Neither the butter maker nor the dairyman produce anything which is used in the manufacture of soap, automobile tires, or the tanning of leather. The butter maker and the dairyman, on the other hand, are purchasers of these nonedible products into which coconut oil enters.

The industrial users of coconut oil testified before the Senate Finance Committee that when they purchased coconut oil they did so because of its lauric-acid content, and they further stated that there was not a single domestic oil or fat which contained any lauric acid. It is lauric acids which make a soap made from coconut-oil lather. The rubber-tire manufacturer who employs coconut oil finds that the lauric acids therein give the rubber tire longer life and greater mileage, and the tanners of white leather testified before the Finance Committee that coconut oil was the only oil which they could use which did not turn the leather yellow as it aged.

In view of the fact that there is a definite constituent of coconut oil which the industrial users require, nothing is accomplished in the way of increasing the consumption of domestic oils and fats by trying to tax coconut oil out of the market. If we pass this tax, it will make it almost impossible for the concerns which require coconut oil to carry on their business. This is not fair. It is not just.

Not only is the exemption of these oils used in industrial channels from this excise tax, which is approximately 100 percent of the value of the oils and fats against which it is levied, of importance from the angle of the consumer, but it is a serious question if the industries which use these oils can bear up under the tremendous burden which it is proposed to place upon them. The Senate, if it levies these

taxes, would be levying the heaviest tax on consumption ever levied in the history of the country upon essential commodities. The total tax burden, when applied against all of the oils and fats which it affects, amounts to in excess of $34,000,000 per annum, as based on the 1933 imports. This does not mean that anywhere near that amount of revenue would result from the levying of these taxes, because it is very doubtful if these industries could sell their products with these taxes applying against the raw materials from which they must make them.

There are dozens of firms in the State of New York which employ these oils and fats which are affected by the proposed excise taxes, and the report received from every one which has been heard from is that the levying of these taxes without giving the consumer additional purchasing power is going to make it very difficult for them to sell their finished products. There does not appear to be any justification for singling out a single group of industries for this kind of treatment.

The second most important of these oils which would be exempted in my amendment from the excise tax when not employed in the manufacture of food for human consumption is palm oil. The Senate Finance Committee has already exempted palm oil when used in the manufacture of tin plate from the application of the tax. Doubtless palm oil is an essential in the manufacture of tin plate, but it is certainly no more of an essential in the manufacture of tin plate than it is in the manufacture of textile soap.

The textile-soap manufacturers in the State of New York, of which there are many, one and all testify to the fact that there is absolutely no substitute for palm oil in the manufacture of textile soap. The textile-soap manufacturers consistently paid more for palm oil than other oils and fats used for soap-making purposes were bringing in the market. It would be very difficult for them, however, to carry on their business if they had to pay as much as 3 cents per pound more for palm oil used in the manufacture of textile soap than they pay at the present price level.

It should be borne in mind that if the prices of all commodities in the United States were suddenly to advance 100 percent, which is the effect this tax will have on the imported oils and fats it covers, then on this inflated price basis it would not be difficult for any given industry to sell its products. But suppose that we single out a single group of industries and make them bear the burden of a tax of these proportions without there being any general inflation of prices of other commodities. It does not seem reasonable to expect that the group of industries which use these oils can escape tremendous injury.

Very little palm oil, probably not more than 10 percent of the total annual importations, is utilized in the manufacture of any kind of food product. It appears that the palm oil is so high in free fatty acids, which is essentially the element of rancidity, that it is impractical to utilize any quantity of it in the manufacture of edible oil. This is borne out by the fact that such a small proportion of it, according to the Bureau of the Census records, gets into edible channels. That portion of it which is not used in the manufacture of textile soap goes into the manufacture of yellow household laundry soap, plus what goes into the manufacture of tin plate.

The exemption of the palm oil used in the manufacture of tin plate is in line with the amendment which I have proposed, but I cannot understand how the committee would exempt from the tax palm oil used in the manufacture of an article like tin plate without exempting at the same time palm oil used in the manufacture of soap.

There is scarcely a nation in the world which does not accord preferential treatment to oils and fats imported within their borders for the manufacture of soap. They do this for sanitary reasons. They do it because they place a high value upon the matter of cleanliness. Why should we break the precedent which is followed throughout the world by trying to make the price of soap vastly higher than it should be? Hospitals, visiting nurses' organizations, welfare centers, charitable organizations, and dozens of other groups of similar nature have protested to me against the application of this tax on soap-making oils and fats. One and all have stressed the importance of keeping the price of soap at a reasonable point to the public. Soap is the one commodity of all commodities which should be merchandised at the most reasonable possible figure, and here we are proposing to place a tax of 100 percent ad valorem upon all of the imported soap-making oils and fats. Why is it that in this effort to levy an excise tax we are centering our activities upon the soap industry? There are a lot of other industries who import oils and fats into the United States, and their raw materials have not been molested.

The next of these oils which is affected by this tax, which is important in the industrial field, is palm-kernel oil. Here again is another important soap-making oil which the soap makers in my State desire to have access to. It already bears a duty of 1 cent a pound if used for edible purposes, and if we apply this excise tax of 3 cents per pound on the edible phases of the oil, then certainly that should be enough to satisfy the demand for keeping it out of edible channels. What harm will it do anyone to allow this soap-making oil to come into the country?

Sesame oil is the next oil which would be affected by the tax of 3 cents per pound. Sesame oil was exempted from taxation in the 1930 tariff if not employed in edible usage. The importations do not amount to much, but since we decided upon this policy in framing the 1930 tariff there seems to be no reason why we should not adhere to it now. If the use of sesame oil for nonedible purposes without the payment of tariff taxes was satisfactory in 1930, it should be just as proper to utilize it for such purposes now without the payment of an excise tax.

The next important oil is whale oil. As far as can be ascertained, there is no imported whale oil used in the manufacture of edible products in the United States. But, in case there might be, we can levy this 3-cent excise tax on the whale oil if used in the manufacture of an edible product for human consumption and let that whale oil which goes into the manufacture of soap and the tanning of leather be exempted from the tax. Our farmers buy the leather goods which the whale oil is used in tanning and they buy the soap. They will profit from having both soap and leather at reasonable prices.

The next important oil to which this excise tax would apply is sperm oil. The domestic production of sperm oil is almost nothing. The textile and the rayon industries and the tanning industries all require sperm oil. Being really a wax and not an oil, it is not used in the manufacture of soap and could not be, but the textile mills, the rayon mills, and the tanners need this oil. Why not let them have it without this enormous excise tax? It is by nature a nonedible oil.

The next important oil which my amendment will exempt from taxation is Newfoundland and Norwegian cod oil. This fish oil is used in the manufacture of leather. The tanners in my State tell me that there is absolutely no oil which can take the place of cod oil. We produce scarcely any in the United States. It is produced from the codfish. The placing of this excise tax is not going to make our fishermen catch any more codfish. This excise tax could not help them, but it will be a tremendous burden upon the tanners of leather who must have cod oil with which to tan leather. They need it on the type of leather which goes to make harness which the farmer purchases. Why should we make the farmer pay more for harness when we are talking about helping agriculture by levying these excise taxes?

The next of the oils which this amendment of mine would exempt from taxation is cod-liver oil. It is made from the fresh livers of the codfish. Cod-liver oil is used for medicinal purposes and for the feeding of poultry and livestock.

It is used in these directions because of its vitamin potency. An excise tax upon this oil would be a cruel injustice. It is a tax upon the sick and the ailing children. Just like the tax upon the soap oils, it is a tax upon health.

Think of the thousands of poultry feeders whom we are going to penalize with this tax on cod-liver oil. We are certainly not going to help the farmer who is raising chickens in a brooder and who requires cod-liver oil to raise these chickens possessed of proper strength and vitality. We should exempt all of these vitamin-potency fish oils from this tax. In this category comes halibut oil. Halibut oil is exactly the same kind of oil as cod-liver oil and is used for precisely the same purposes. It will be assessed with this 3-cent per pound excise tax and there is no justification in doing it.

As a matter of fact, in levying these excise taxes on imported whale oil, imported fish oils, and imported marine-animal oils, we are violating every international treaty which we have with foreign nations. Article VIII of the German treaty provides as follows:

> The nationals and merchandise of each high contracting party within the territories of the other shall receive the same treatment as nationals and merchandise of the country with regard to internal taxes, transit duties, charges in respect to warehousing, and other facilities and the amount of drawbacks and bounties.

Please note that we implicitly agree in this treaty that we shall levy no higher internal taxes upon the imported merchandise of foreign nations than we levy upon domestic merchandise, and under the most-favored-nation clause which we have with 47 other nations we agree to accord the same treatment to merchandise imported from other foreign nations. Therefore the rights accorded to Germany with regard to internal taxes on merchandise imported from Germany are accorded to all the nations with which we have commercial treaties. In other words, we cannot levy higher internal taxes upon the merchandise imported from these countries than we levy upon the merchandise of our own citizens.

Despite this fact, in three places the Senate Finance Committee bill proposes to levy this 3-cent tax upon imported articles—imported whale oil, imported fish oil, and imported marine-animal oil. If we pass this bill with this word "imported" in it, applying to these marine-animal oils, fish oils, and whale oil, no foreign nation will have any respect for the treaties which this body has ratified in the past. We cannot pass a treaty one day and violate it the next.

Since none of these imported whale, fish, and marine-animal oils are used in edible channels in the United States, it is really needless to include them in the category of the oils which would bear the excise tax if used for edible purposes. Since they are not used for edible purposes in the United States, it should be satisfactory to leave them within the amendment as I have proposed it.

Let me call attention to the fact that there is another consideration involved in placing these excise taxes on the oils and fats which we import from the various countries with which we enjoy the balance of trade. I desire to introduce into the RECORD a statement of the trade which we have with the countries from which these oils and fats come. (See table.)

One of the important agricultural items which we export to the countries from which these oils and fats, such as palm oil, come is lard. We have been exporting about 50 percent of our lard to Great Britain, from whom, or her dependencies, we procure about 50 percent of our palm-oil importations. I quote from an article appearing in the March 31 issue of the National Provisioner, published at Chicago, Ill. The portion I desire to read is as follows:

> Commission-house buying on resting orders was encountered on on the declines, and there was some buying of lard based on the relative steadiness in cotton oil. The lard trade was puzzled somewhat over possible future developments, particularly should the proposed 3-cent-a-pound tax against imported oils be adopted by Congress.
>
> There were fears in a great many quarters that foreigners would take adverse action against lard imports. In fact, Germany further restricted imports of American products. As a result, the foreign situation in lard was attracting more attention. Foreign exchange rates ruled rather firm.

It can be seen from this that the exporters of lard are frightened as to the prospect of what will happen to our lard exports if we put these taxes on. Please bear in mind that this agitation for these taxes began back in December 1933; and let me call your attention to the fact that this article states also that lard exports from January 1, 1934, to March 17, 1934, have dropped from 160,000,000 pounds at the same time last year to ninety-five and a half million pounds at this time. You can see what the threat of levying these excise taxes is resulting in.

I do not believe that the foreign nations will object to our keeping the oils and fats out of edible channels in the United States, and if we adopt this amendment whereby the oils and fats are allowed to come into the United States and be used for nonedible or medicinal purposes, it will doubtless clarify the situation to the complete satisfaction of our foreign customers. This is just another reason why the amendment as proposed should be adopted.

I ask that the table to which I have referred and an article from the National Provisioner may be printed in the RECORD.

There being no objection, the table and article were ordered to be printed in the RECORD, as follows:

*Value of total trade between United States and countries from which United States imports oils and which would be affected by the 3 cents per pound excise tax in the 1934 revenue bill*

| | Oils exported to United States | Value of exports | | Value of imports | |
|---|---|---|---|---|---|
| | | 1929 | 1932 | 1929 | 1932 |
| Norway | Cod-liver, whale oil | $23, 647, 000 | $6, 916, 000 | $21, 235, 000 | $10, 439, 000 |
| United Kingdom | Sperm, cod, palm-kernel oil | 848, 000, 000 | 288, 326, 000 | 329, 751, 000 | 74, 631, 000 |
| British Nigeria | Palm and palm-kernel | 3, 424, 000 | 1, 693, 000 | 12, 890, 000 | 3, 157, 000 |
| Belgium | Fish oils, palm oil | 114, 855, 000 | 40, 278, 000 | 74, 048, 000 | 21, 927, 000 |
| Germany | Palm-kernel, sunflower, palm oil | 410, 448, 000 | 133, 417, 000 | 254, 688, 000 | 73, 572, 000 |
| Netherlands | Palm, sesame oil | 128, 295, 000 | 45, 254, 000 | 83, 553, 000 | 22, 430, 000 |
| Soviet Russia in Europe | Sunflower seed | 81, 547, 000 | 12, 466, 000 | 21, 520, 000 | 9, 129, 000 |
| Canada | Pilchard, halibut, and cod-liver | 948, 446, 000 | 241, 351, 000 | 503, 496, 000 | 174, 101, 000 |
| Newfoundland and Labrador | Cod-liver, cod | 12, 502, 000 | 4, 167, 000 | 10, 411, 000 | 7, 133, 000 |
| Australia | Copra | 150, 110, 000 | 26, 817, 000 | 31, 968, 000 | 4, 643, 000 |
| China | Sesame seed | 124, 163, 000 | 56, 171, 000 | 166, 233, 000 | 26, 177, 000 |
| Philippine Islands | Coconut oil, copra | 85, 530, 000 | 44, 968, 000 | 125, 702, 000 | 80, 877, 000 |
| British India | Sesame seed | 55, 360, 000 | 24, 915, 000 | 149, 332, 000 | 33, 204, 000 |
| British Malaya | Copra | 14, 641, 000 | 2, 497, 000 | 239, 164, 000 | 34, 806, 000 |
| Other Netherland East Indies | Palm, palm-kernel | 15, 114, 000 | 7, 816, 000 | 32, 868, 000 | 29, 827, 000 |
| Belgian Congo | do | 1, 382, 000 | 487, 000 | 11, 580, 000 | 1, 204, 000 |
| Total | | 3, 017, 464, 000 | 937, 539, 000 | 2, 068, 829, 000 | 607, 257, 000 |
| Total of all United States exports and imports | | 5, 240, 995, 000 | 1, 611, 016, 000 | 4, 399, 361, 000 | 1, 322, 774, 000 |
| Percent of total to these oil-exporting countries | | 58 | 58 | 47 | 46 |

Source: Foreign Commerce and Navigation of the United States.

[From the National Provisioner, Chicago, Ill., Mar. 31, 1934]

PROVISION AND LARD MARKETS—WEEKLY REVIEW

MARKET FAIRLY ACTIVE—UNDERTONE EASY—HOG RUN MODERATE—HOGS STEADY—RELIEF BUYING FACTOR—CASH TRADE MODERATE—GRAIN WEAKNESS DEPRESSING

Market for hog products continued to display a disappointing trend. Undertone was easy as a result of scattered selling and liquidation and less aggressive speculative support. While the hog run was moderate and hogs steady, the market generally continued to ignore relief buying and was influenced, in the main, by weakness in the grain market caused by fears of governmental action against exchange operations.

Commission-house buying on resting orders was encountered on the declines, and there was some buying of lard based on the relative steadiness in cotton oil. The lard trade was puzzled somewhat over possible future developments, particularly should the proposed 3-cent-a-pound tax against imported oils be adopted by Congress.

There were fears in a great many quarters that foreigners would take adverse action against lard imports. In fact, Germany further restricted imports of American products. As a result, the foreign situation in lard was attracting more attention. Foreign-exchange rates ruled rather firm.

HOG PRICES LOWER

Hedge pressure was in evidence at times, but was very moderate. Professionals appeared to be on both sides of lard. There was no inclination to press the market owing to fears of possible inflation developments at Washington. At the same time, the Lenten season is rapidly drawing to a close, and as a result there was a tendency to look for considerable improvement in the domestic demand for meats. Some were looking for a fair decrease in the lard stocks the last half of the present month.

Receipts of hogs at western packing points last week were 367,700 head, compared with 398,400 head the previous week and 396,900 head the same week last year.

Average price of hogs at Chicago at the outset of the week was 4.25 cents, against 4.40 cents the previous week, 3.90 cents a year ago, 4.20 cents 2 years ago, and 7.65 cents 3 years ago. Top price of hogs at Chicago, however, was very steady, holding around 4.55 cents.

Average weight of hogs received at Chicago last week was 236 pounds, against 233 pounds the previous week, 247 pounds a year ago, and 233 pounds 2 years ago.

Reports from the A.A.A. from 42 States indicated that between 900,000 and 1,000,000 contracts had been signed to date in the corn-hog adjustment program. The sign-up campaign is nearing completion in a number of States. Reports from the major corn- and hog-producing States indicate that approximately 160,000 contracts have been signed in Iowa, 110,000 in Illinois, 94,000 in Missouri, 82,000 in Indiana, 75,000 in Minnesota, 80,000 in Nebraska, 60,000 in Kansas, 60,000 in Ohio, 50,000 in South Dakota, and 33,000 in Wisconsin. In Oklahoma 40,000 are expected to sign up, and in Texas 25,000 have been signed to date. Colorado expects a total of 12,000; Tennessee, approximately 20,000.

LARD EXPORTS DROP

Official exports of lard for the week ended March 17 were 5,599,000 pounds, against 8,758,000 pounds a year ago. Exports from January 1 to March 17 have been some 95,477,000 pounds, against 160,637,000 pounds the same time last year. Of the week's exports only 786,000 pounds went to Germany, 288,000 pounds to Cuba, 3,622,000 pounds to the United Kingdom, 489,000 pounds to other European countries, and 414,000 pounds to other countries. Exports of hams and shoulders during the week were 207,000 pounds, against 573,000 pounds; bacon, 560,000 pounds against 95,000 pounds; pickled pork, 91,000 pounds against 129,000 pounds.

The Government was a buyer of hogs in a fair way at Chicago throughout the week. Aside from maintaining a steady tone to the hog market, governmental activities in provisions was again without effect. Passage of the cotton bill was delayed in the Senate for one reason or another, but the prospects of cotton production being limited, with a consequent smaller output of cotton oil, was considered by some as constructive on lard for the long pull.

Pork: Market was steady, but demand moderate at New York. Mess was quoted at $20.25 per barrel; family, $21 per barrel; fat backs, $15 and $16 per barrel.

MUTUAL INSURANCE COMPANIES AND CAPITAL-STOCK TAX—AMENDMENT

Mr. WALSH. Mr. President, I submit an amendment intended to be proposed by me to House bill 7835, the revenue bill, which I ask may lie on the table and be printed.

The VICE PRESIDENT. The amendment will lie on the table and be printed.

Mr. WALSH. Mr. President, the House bill contained no provision levying capital-stock and excess-profits taxes. The Finance Committee presented an amendment, which has been adopted by the Senate, providing for a capital-stock tax of one tenth of 1 percent. Certain exceptions are made to these capital-stock taxes, and these exemptions are in section 701 (c), page 238 of the bill. Among the exemptions are insurance companies subject to the tax imposed by sections 201 and 204.

However, insurance companies which have no capital stock whatever, such as mutual companies, and which are subject to the tax under section 207, are not specifically exempted.

Since these companies have no capital stock there was no intention to impose a capital-stock tax on them and, therefore, this amendment is merely in the nature of a clarification of that purpose.

In order to accomplish this, all that is necessary is to change the wording of section 701 (c) (2), line 16, page 238, by the addition of the numerals "207" and the transposition of the word "or" and the addition of a comma.

TAX ON WATCHES—AMENDMENT

Mr. WALSH. Mr. President, I also submit an amendment intended to be proposed by me to House bill 7835, the revenue bill, which I ask may lie on the table and be printed.

The VICE PRESIDENT. The amendment will lie on the table and be printed.

Mr. WALSH. Mr. President, the classification of certain watches as luxury items is unfair. In view of the urgent need for revenue in 1932, and the assurance that these excise taxes were temporary, the watch industry submitted without serious objection to a tax on what it believed to be items of necessity.

Since the Finance Committee in the case of clocks and furs has recognized that some items classified as luxuries are really necessities, the industry feels it is entitled to the exemption of watches not of the luxury class. This exemption should at least include watches sold by the manufacturer for less than $25.

It would be impossible for many industries to function without timepieces. For example, railroads cannot operate unless rigid standards of time are adhered to in the operation of trains. Every railroad or street-car employee engaged in the operation of trains or cars is required to carry a carefully regulated watch. This he buys from his wages. Some 987,000 men come within this category on the steam railroads alone. In addition to these, nurses, doctors, clerks, and superintendents in charge of industrial activities must operate with almost split-second accuracy.

The elimination of this tax would put additional men to work, as watch manufacturing is 80- to 90-percent labor.

A manufacturers' tax of $2.50 becomes $7 or $8 by the time it reaches the consumer.

It appears inconsistent to eliminate the tax on clocks, which are now exempt up to $3, and which really represents clocks that might be classified as luxuries, while classifying as an item of luxury watches that sell for $5, $10, $20, and so forth, and which enter into the everyday life of our citizens.

The revenue derived from the entire jewelry industry last year amounted to only $3,068,000.

The committee has already exempted clocks, and the exemption of watches selling for less than $25 would cause no great loss in revenue, and would be more than compensated for by increased employment.

If the tax on watches classified as necessities is removed, the increased income from corporation and income taxes accruing to the Government from increased business and profits will render the Government a greater return than now received from this tax.

MOTHER'S DAY

Mr. COPELAND submitted the following resolution (S.Res. 218), which was referred to the Committee on Education and Labor:

Whereas by House Joint Resolution 263, approved and signed by President Wilson, May 8, 1914, the second Sunday in May of each year has been designated as Mother's Day for the expression of our love and reverence for the mothers of our country; and

Whereas there are throughout our land today an unprecedentedly large number of mothers and dependent children who, because of unemployment or loss of their bread earners, are lacking many of the necessities of life: Therefore be it

*Resolved*, That the President of the United States is hereby authorized and requested to issue a proclamation calling upon our

citizens to express, on Mother's Day this year, our love and reverence for motherhood;

(a) By the customary display of the United States flag on all Government buildings, homes, and other suitable places;

(b) By the usual tokens and messages of affection to our mothers; and

(c) By making contributions, in honor of our mothers, through our churches or other fraternal and welfare agencies, for the relief and welfare of such mothers and children as may be in need of the necessities of life.

CHANGE OF REFERENCE OF A RESOLUTION

Mr. McKELLAR. Mr. President, I ask that Senate Resolution 198, creating a select committee to investigate charges against the superintendent of the Shiloh National Park, Tenn., be referred to the Committee on Military Affairs. It was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, but under a later rule it is required to go to the Military Affairs Committee, and I ask unanimous consent that the Committee to Audit and Control the Contingent Expenses of the Senate may be discharged from the further consideration of the resolution and that it be referred to the Committee on Military Affairs before being considered by the Audit and Control Committee.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDITIONAL CLERICAL ASSISTANCE FOR SENATORS

Mr. BYRNES. I ask unanimous consent for the present consideration of Senate Resolution 213, which I send to the desk.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 213) submitted by Mr. BYRNES on March 22, 1934, and reported from the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That whenever, during the remainder of the present session of Congress, a Senator, having no more than four employees in his clerical force, or in that of the committee of which he is chairman, shall file with the Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate a statement showing the necessity for an additional clerical assistant to enable him to discharge the duties of his office, such Senator may appoint one assistant clerk to be paid from the contingent fund of the Senate at $1,800 per annum until the end of the present session of Congress.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to the consideration of the resolution.

Mr. BYRNES. I offer an amendment to the resolution.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On line 2, after the word "Senator", it is proposed to strike out "having no more than four employees in his clerical force, or in that of the committee of which he is chairman."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

The resolution, as amended, was agreed to.

NATIONAL RECOVERY—THE NEW DEAL'S BALANCE SHEET

Mr. ROBINSON of Arkansas. I ask to have printed in the RECORD and to lie on the table an editorial appearing in the New York Daily News of March 11, 1934, having relation to the National Recovery Administration and to the new deal's balance sheet.

There being no objection, the editorial was ordered to lie on the table and to be printed in the RECORD, as follows:

NATIONAL RECOVERY ADMINISTRATION—THE NEW DEAL'S BALANCE SHEET

[An editorial appearing in the New York Daily News, Mar. 11, 1934]

We all know that some groups in our social and economic system have profited from the new deal; some large groups.

Workers working shorter hours at the same or only a little less pay have profited. Farmers paid by the Government for reducing or swearing they have reduced acreage have profited. So have millions of people on C.W.A., C.C.C., or other forms of Government relief. So have employers who before the N.R.A. were being undercut by unfair competitors employing child labor or using other cutthroat competition methods.

Naturally, few complaints are heard from these people about the new deal—except in the form of howls for an even bigger and faster new deal.

Who's losing under the new deal, if anybody is, up to now?

The bulk of the complaining is being done by industrialists; business people who say the money to pay for all these benefits is being gouged out of their pockets without adequate return.

It sounds reasonable, and it has worried many people; has made them fear that industry can't carry the burden indefinitely, and will sooner or later be forced into curtailed activity if not into wide-spread bankruptcies.

The National City Bank of New York has just published a table of figures which ought to console a lot of people who are worried about the new deal's dollars-and-cents outlook.

This table shows comparative profits or losses rolled up in 37 major industrial groups in the years 1932 and 1933. It is worth running through rather carefully, we think. The letter D means that old 1932 devil deficit; figures without a D mean profits.

| Industry | Number of concerns | Net profits | |
|---|---|---|---|
| | | 1932 | 1933 |
| Agricultural implements | 7 | D $15,375,000 | D $8,645,000 |
| Amusements | 10 | D 2,686,000 | D 1,252,000 |
| Apparel | 9 | D 7,648,000 | 1,790,000 |
| Automobiles | 9 | D 13,905,000 | 90,127,000 |
| Auto accessories | 29 | D 10,959,000 | D 829,000 |
| Bakery | 17 | 27,008,000 | 23,620,000 |
| Building materials | 35 | D 12,920,000 | D 6,192,000 |
| Chemicals | 13 | 34,798,000 | 53,511,000 |
| Coal mining | 11 | 304,000 | 2,702,000 |
| Confections, beverages | 16 | 2,996,000 | 10,556,000 |
| Cotton mills | 36 | D 8,478,000 | 7,813,000 |
| Drugs, sundries | 10 | 13,044,000 | 12,680,000 |
| Electrical equipment | 23 | D 8,847,000 | D 3,196,000 |
| Food products | 37 | 44,025,000 | 52,711,000 |
| Household supplies | 19 | 8,950,000 | 14,441,000 |
| Iron, steel | 35 | D 138,920,000 | D 64,226,000 |
| Machinery, tools | 50 | D 20,341,000 | D 10,195,000 |
| Meat packing | 18 | D 2,059,000 | 22,347,000 |
| Merchandise, chain stores | 17 | 41,683,000 | 58,769,000 |
| Merchandise, department stores | 12 | D 8,964,000 | 98,000 |
| Merchandise, wholesale | 25 | D 4,868,000 | 7,482,000 |
| Mining, nonferrous | 18 | 2,091,000 | 11,051,000 |
| Paint, varnish | 7 | 1,008,000 | 5,928,000 |
| Paper and products | 20 | D 319,000 | 3,637,000 |
| Petroleum | 25 | 10,531,000 | 16,852,000 |
| Printing, publishing | 12 | 6,520,000 | 1,550,000 |
| Railway, equipment | 15 | D 16,349,000 | D 11,314,000 |
| Real estate | 10 | D 379,000 | D 642,000 |
| Rubber tires, etc | 14 | D 3,052,000 | 10,722,000 |
| Shoes | 11 | 3,206,000 | 12,240,000 |
| Silk and hosiery | 16 | D 2,145,000 | 2,687,000 |
| Sugar | 12 | 1,573,000 | 3,140,000 |
| Textiles | 21 | D 12,187,000 | 11,193,000 |
| Tobacco | 18 | 71,029,000 | 51,779,000 |
| Wool | 7 | D 9,795,000 | 8,473,000 |
| Miscellaneous manufacturing | 102 | D 17,520,000 | 46,201,000 |
| Miscellaneous services | 54 | 3,148,000 | 3,034,000 |
| Total | | D 45,802,000 | 440,643,000 |

There we have the balance sheet on the new deal's first year. It totals up to a net deficit for America's major industries in 1932 of almost $46,000,000, as against a net profit in 1933 of $440,000,000.

These figures show that the new deal in its first year began making money not only for labor and agriculture but for large and important elements of business; that it began paying its own way, by and large, from the start.

We think a lot of industrial critics of the new deal would do well to stop squawking and pay more attention to cultivating the new home markets the new deal is opening up for them.

ARMY DAY

Mr. SHEPPARD. Mr. President, tomorrow will be Army Day. In reference thereto, I send to the desk two letters, which I ask to have read.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

THE WHITE HOUSE,
*Washington, March 2, 1934.*

Lt. Col. GEORGE E. IJAMS,
*Commander in Chief Military Order of the World War,*
*Washington, D.C.*

MY DEAR COLONEL IJAMS: The celebration of Army Day on April 6 each year, commemorating as it does our entrance into the World War, indicates, in part, the gratitude of our Nation to our Army, which so valiantly has served this country in its every emergency.

I wish to offer on this Army Day my best wishes to the men comprising the components of our land forces, the Regular Army, the National Guard, and the Organized Reserves.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

NATIONAL HEADQUARTERS,
MILITARY ORDER OF THE WORLD WAR,
*Washington, D.C., April 3, 1934.*

Hon. MORRIS SHEPPARD,
*Chairman Military Affairs Committee,*
*United States Senate, Washington, D.C.*

DEAR SENATOR SHEPPARD: On Friday, April 6, there will be celebrated Army Day, the sixteenth anniversary of America's entrance into the World War.

Army Day, which was inaugurated 6 years ago by the Military Order of the World War and which has ever since been sponsored by our organization, will be celebrated throughout the United States and its insular possessions by parades, drills, meetings, and banquets, the purpose being to once a year bring to the attention of our citizens the ideals of the Army and what it stands for in times of peace.

The President of the United States, as well as the Governors of our several States and mayors of our various cities, have issued statements and proclamations in honor of the day.

I am taking the liberty of enclosing herewith a photographic copy of President Roosevelt's statement, which, together with this letter may be incorporated in the CONGRESSIONAL RECORD of April 5, for the interest of the Members of the United States Senate.

There will be a large parade of military, National Guard, cadet, and veteran organizations which will pass the east plaza of the Capitol promptly at 1:30 p.m. on the afternoon of April 6. Those Members of the Senate who are interested are cordially invited to review the parade from the Capitol steps. It will take not more than 1 hour to pass.

With every good wish, I am, sincerely yours,

EDWIN S. BETTELHEIM, Jr.

Mr. SHEPPARD. Mr. President, I hope all Senators who can conveniently do so will repair to the Capitol steps tomorrow at 1:30 o'clock p.m. and view the Army Day parade.

## DISPOSITION OF INDIAN LANDS

Mr. FRAZIER. Mr. President, the last time we had a call of the calendar in the Senate, Senate bill no. 1135, having to do with a new plan for determining the heirs of deceased Indians and the disposition of their property, was passed. It is an administration bill. I find that an identical bill was passed by the House and is now with the Committee on Indian Affairs. That is the bill (H.R. 5075) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

I ask unanimous consent that the Committee on Indian affairs be discharged from further consideration of the House bill (No. 5075) the title of which I have just read.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. FRAZIER. I now ask unanimous consent for the present consideration of the House bill.

Mr. ASHURST. Mr. President, will the Senator from North Dakota explain what the bill is?

Mr. FRAZIER. It is an administration bill having to do with determining the heirs of deceased Indians and the disposition of their property by a better method than prevailed under the old law.

Mr. ASHURST. I have no objection.

There being no objection, the bill (H.R. 5075) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended, was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes" (36 Stat. 855), be, and the same is hereby, amended to read as follows:

"That when any Indian to whom an allotment of land has been made, or may hereafter be made, dies before the expiration of the trust period and before the issuance of a fee simple patent, without having made a will disposing of said allotment as hereinafter provided, the Secretary of the Interior, upon notice and hearing, under such rules as he may prescribe, shall ascertain the legal heirs of such decedent, and his decision thereon shall be final and conclusive. If the Secretary of the Interior decides the heir or heirs of such decedent competent to manage their own affairs, he shall issue to such heir or heirs a patent in fee for the allotment of such decedent; if he shall decide one or more of the heirs to be incompetent, he may, in his discretion, cause such lands to be sold: *Provided*, That if the Secretary of the Interior shall find that the lands of the decedent are capable of partition to the advantage of the heirs, he may cause the shares of such as are competent, upon their petition, to be set aside and patents in fee to be issued to them therefor. All sales of lands allotted to Indians authorized by this or any other act shall be made under such rules and regulations and upon such terms as the Secretary of the Interior may prescribe, and he shall require a deposit of 10 percent of the purchase price at the time of the sale. Should the purchaser fail to comply with the terms of sale prescribed by the Secretary of the Interior, the amount so paid shall be forfeited; in case the balance of the purchase price is to be paid on such deferred payments, all payments made, together with all interest paid on such deferred installments, shall be so forfeited for failure to comply with the terms of the sale. All forfeitures shall inure to the benefit of the allottee or his heirs. Upon payment of the purchase price in full the Secretary of the Interior shall cause to be issued to the purchaser patent in fee for such land: *Provided*, That the proceeds of the sale of inherited lands shall be paid to such heir or heirs as may be competent and held in trust subject to use and expenditure during the trust period for such heir or heirs as may be incompetent as their respective interests shall appear: *Provided further*, That the Secretary of the Interior is hereby authorized, in his discretion, to issue a certificate of competency, upon application therefor, to any Indian, or in case of his death to his heirs, to whom a patent in fee containing restrictions on alienation has been, or may hereafter be, issued, and such certificate shall have the effect of removing the restrictions on alienation contained in such patent: *Provided further*, That hereafter any United States Indian agent, superintendent, or other disbursing agent of the Indian Service may deposit Indian moneys, individual or tribal, coming into his hands as custodian, in such bank or banks as he may select: *Provided*, That the bank or banks so selected by him shall first execute to the said disbursing agent a bond, with approved surety, in such amount as will properly safeguard the funds to be deposited. Such bonds shall be subject to the approval of the Secretary of the Interior."

Mr. FRAZIER. Mr. President, I now enter a motion to reconsider the vote by which the identical Senate bill no. 1135 was passed.

The VICE PRESIDENT. The motion will be entered.

Mr. FRAZIER. I move that the House be requested to return to the Senate the Senate bill no. 1135.

The motion was agreed to.

## AMERICA MUST DEFEND HERSELF—ARTICLE BY HON. JAMES W. GERARD

Mr. COPELAND. Mr. President, I send to the desk an article appearing in Liberty magazine of the issue of April 7, 1934, by Hon. James W. Gerard, former United States Ambassador to Germany, entitled "America Must Defend Herself", which I ask to have printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Liberty, Apr. 7, 1934]

### "AMERICA MUST DEFEND HERSELF"—A PLEA FOR AN ECONOMIC DECLARATION OF INDEPENDENCE

(By James W. Gerard, chairman of the Committee for America Self-Contained, former United States Ambassador to Germany)

Last year Japan swamped the United States with 79,000,000 electric-light bulbs. Japan can undersell American manufacturers because of her low standard of living. However, it is not only the Japanese against whom America must defend herself industrially but the whole world.

The committee of which I am chairman is submitting the following principles to the American people:

1. America's interests are basically different from those of other nations.

We must start by solving our own problems.

2. Science has made America self-contained.

There are now very few essentials that we cannot grow or make. Consequently we are free to choose our international trade contacts and to import and export at will.

3. Self-containment spells plenty for Americans.

Once we are free from entangling alliances we can distribute our plentiful resources among our own people.

4. We can abolish our poverty only by freeing ourselves from the world's poverty.

Now is the time to build for the future of the American standard of living.

5. We must put our foreign trade on a sound bookkeeping basis.

Call it barter if you will. It is a matter of simple arithmetic. We need coffee, tea, rubber, cocoa, sugar, raw silk, some tropical fruits, tin, manganese, and some lesser metals. Aside from these, we can produce everything we need within our own borders. We can dispense with silk by substituting rayon. We can grow tropical fruit in our own possessions. We are progressing toward self-containment in potash and nitrates; looking forward to it even in rubber. However, for some things we depend upon foreign nations, and will for some time to come. But we can choose the markets from which to buy. We should never buy where we can-

not sell. And we propose to reserve for American labor the manufacture of our raw materials.

Above all, as Samuel Crowther points out in his book, America Self-Contained, we must extricate ourselves from economic illusion. The war loans turned us "export crazy." We set out to capture the trade of the world. Had we kept bookkeeping accounts of these transactions we might have asked ourselves whether our debtors would have the capacity to pay in money, or how they could repay us in goods without crippling or destroying American industries. We learned nothing even after the crash of 1920. We kept no international ledger. By 1924 our bankers were again squandering loans abroad. Three crusades followed:

The crusade of salesmen—who found that they could sell anything anywhere on credit.

The bankers' crusade. They found no bad credit risks anywhere.

The crusade of captains of industry. Among other things, they installed plants abroad which manufactured articles we had formerly supplied.

The Department of Commerce estimates our private long-term investments abroad by the end of 1932 at more than $15,000,000,000. We proceeded on the theory that the money which we were so freely scattering in Europe would purchase American goods. The facts do not support this theory. The exports by no means increased with the loans. Much of the money went to purchase American securities and to create demand deposits, which amounted to some $3,000,000,000 in 1929. This means, according to Mr. Crowther, that we gave to foreigners the right to claim and ship overseas practically the entire gold stock of the United States. In other words, we gave to foreign interests the right to control our domestic credit.

Nor is this all. Part of our money was used to equip foreign plants with American machinery which eventually made foreign countries independent of our products. We shipped goods for I O U's. We lent money to destroy our own business.

What we need is a broad tariff policy adapted to the principles of self-containment. To have this:

1. Raise tariffs upon all manufactured goods to such heights that all foreign goods will be put into the extreme luxury class.

2. Prohibit the import of any raw materials which we mine or grow or that our chemistry can now produce.

3. Certain safeguards would have to be taken to avoid inconveniences caused by shortages. There is no point, furthermore, in striving for self-containment at one bound. Since we do not need to purchase from abroad, our imports would be incidental to collecting debts.

Taking the 1922–26 averages, our restricted imports would amount to about one and one half billions as against nearly four billions during the same period. The actual amount, however, would be regulated by the reading in our international balance.

President Roosevelt's note to the London Conference emphasized the basic idea of American self-containment. The National Recovery Act is a step in the same direction.

Through perfect balance, free of disruptive foreign influence and with all international money dealings passing through and visaed by the Federal Reserve banks, we would control all factors in our domestic economy and plentifully distribute our great wealth among ourselves. Then, and only then, shall we cease to be at the mercy of too much or too little rain in far parts of the earth, or of speculators in continental bourses.

We have paid and shall continue to pay dearly for our mistakes. We should profit by them. We know the factors with which we must deal. We see the direction in which our recovery and prosperity lie. United, we must head that way.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.; and

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.

## HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Commerce:

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.; and

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.

## INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The Chair does not know whether the Senator from Louisiana desires recognition at this time or not. The RECORD shows that a unanimous-consent agreement was entered into on yesterday afternoon, to which the Senator from Louisiana said he would agree, provided he was recognized this morning. Is the Senator from Louisiana seeking recognition?

Mr. LONG. I am.

The VICE PRESIDENT. The Senator from Louisiana is recognized.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. I send to the desk two amendments to the pending bill, which I ask to have printed in the RECORD for information, and to be printed and lie on the table.

The amendments submitted by Mr. CLARK are as follows:

Amendment intended to be proposed by Mr. CLARK to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 13, line 14, strike out "in excess of the credit against net income provided in section 26."

On page 14, at the end of line 20, insert the following:

"Interest upon obligations of the United States or its possessions, or of any State, Territory, or any political subdivision thereof, or the District of Columbia; or upon obligations of any instrumentality of the United States or any possession thereof, or of any instrumentality of any State, Territory, or any political

subdivision thereof, or of the District of Columbia, shall be included in gross income."

On page 16, beginning with line 23, strike out through line 19, on page 17.

On page 19, beginning in line 23, strike out "on indebtedness incurred or continued to purchase or carry, or the proceeds of which were used to purchase or carry, obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from the taxes imposed by this title, or."

On page 30, strike out lines 5 to 17, inclusive.

On page 33, strike out lines 12 to 18, inclusive.

On page 137, lines 16 and 17 and lines 21 and 22, strike out "in excess of the credit provided in subsection (c) of this section."

On page 138, strike out lines 1 to 6, inclusive.

On page 138, strike out beginning with line 24 down through line 2, on page 139.

On page 141, strike out after "indebtedness", in line 8, down through "title", in line 14.

On page 146, strike out lines 9 to 12, inclusive.

On page 146, strike out beginning in line 23 down through line 3, on page 147.

On page 159, line 10, strike out "in addition to the credit provided in section 26".

On page 245, after line 13, insert the following: "If the application of this act with respect to the taxation of the interest upon any obligation of the United States or its possessions, or of any State, Territory, or any political subdivision thereof, or the District of Columbia, or upon any obligation of any instrumentality of the United States or any possession thereof, or of any instrumentality of any State, Territory, or any political subdivision thereof, or of the District of Columbia, is held unconstitutional, so that the interest on such obligation is held to be wholly exempt from Federal income taxation, no deduction shall be allowed on interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry such obligation."

Amendment intended to be proposed by Mr. CLARK to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 237, after line 20, to insert the following:

"SEC. —. Termination of tax on certain imported articles: The tax imposed by the following paragraphs of section 601(c) of the Revenue Act of 1932 shall not apply to articles imported after the date of the enactment of this act: Paragraph (1) (relating to lubricating oils); paragraph (4) (relating to crude petroleum and refined products thereof); paragraph (5) (relating to coal); paragraph (6) (relating to lumber); and paragraph (7) (relating to copper and copper products).

Mr. COPELAND. Mr. President, will the Senator from Louisiana yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. May I ask the Senator in charge of the bill a question?

Mr. HARRISON. Certainly.

Mr. COPELAND. This morning I was approached by gentlemen interested in furs. They seem to be quite distressed over a section of the bill adopted yesterday. What can the Senator from Mississippi tell me about that section?

Mr. HARRISON. What happened with reference to fur was that the House made no change in the text of the bill as reported to the House. When the bill came to the Senate Committee on Finance, the committee recommended that furs of $20 or less in value be exempted from the tax, and that provision was adopted yesterday by the Senate.

Mr. COPELAND. That is to say, those interested in the fur business are that much better off than they were under the bill as it came from the House?

Mr. HARRISON. Yes.

Mr. COPELAND. Was the committee in unity in the belief that that was the best that could be done?

Mr. HARRISON. That was their uniform belief.

Mr. COPELAND. Does the Senator believe it would be useless for me to press the matter further at this time?

Mr. HARRISON. I am afraid the Senator might lose what we have gained.

Mr. COPELAND. Then, I think perhaps I had better not press it further. I thank the Senator.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. Are we operating under a limitation of debate?

The VICE PRESIDENT. Yes; and the Senator from Louisiana [Mr. LONG] has had the floor 4 minutes.

Mr. LONG. Mr. President, I did not know my time was being used. However, I am not going to need the entire 30 minutes to which I am entitled.

On yesterday my friend the senior Senator from Ohio [Mr. FESS] propounded a question to me, the full effect of which I did not grasp at the time, and I did not make the answer which I would have made had I understood his inquiry. I want to take the opportunity while the Senator from Ohio is here to give him a better answer. I have quite a little authority for the answer which I am going to make.

The Senator from Ohio wanted to know what is going to be done with men like the man who runs the National Cash Register business and other equally important men of that type. The Senator seems to think that any effort to strike at the amount of fortunes such men hold is an indictment against the men themselves. Yet the facts are that these men are today enveloping themselves in a sea that is paralyzed in business. They cannot trade with one another and go very far.

I venture the statement today that a large part of the physical property of Mr. Patterson, of the National Cash Register Co., is tied up in his own plants. He has probably spent in that way a great deal of the earnings he has had in other lines before this year. Today these very men, big and strong as they are, find themselves with nobody for customers except themselves; that is, to an extent that is not compensatory in the businesses they are operating.

I found last night a book from which I quoted sometime ago, and I took occasion to extract a few paragraphs from it. I am going to ask the clerk to read the extract. I have digested several hundred pages into a couple of typewritten sheets, and I hope I may have the careful attention of the Senate as the clerk reads.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[Extracted from the Epic of America, by James Truslow Adams]

Conditions adapted for a more or less equalitarian society, combined with the new technology, began to create an unprecedented gulf between the wage earner and the incipient billionaire. * * * The size of individual fortunes had been growing with each generation * * * in an alarming degree. * * * There seemed room for everything except the heart of man and the old independence of the individual to work out his own life and scale of values * * * (prior to 1914). We had our minds intensely focused on moral problems and the effort to work out ways and means of making our own land a better and cleaner one in all its aspects. * * * The progress that was at last being made in controlling instead of destroying big business all seemed to promise the nearer fulfillment of the American dream. Suddenly the whole of western European civilization appeared to have burst into flames. * * *

Statistics when used nationally can be very misleading, and although it was true that the national wealth had been enormously increased and that the country was prosperous, the new wealth was very unevenly distributed. * * * In a modern industrial state an economic base is essential for all. We point with pride to our national income, but the Nation is only an aggregate of individual men and women, and when we turn from the single figure of total income to the incomes of individuals, we find a marked injustice in its distribution. There is no reason why wealth, which is a social product, should not be more equitably controlled and distributed in the interests of society. * * *

A system that steadily increases the gulf between the ordinary man and the superrich, that permits the resources of society to be gathered into personal fortunes that afford their owners millions of income a year, with only the chance that here and there a few may be moved to confer some of their surplus upon the public in ways chosen wholly by themselves, is assuredly a wastefull and unjust system. * * * Nor is it likely to be voluntarily altered by those who benefit most by it. No ruling class has ever willingly abdicated.

The members of the Morgan and Rockefeller groups together (about 1903—it is far worse now) held 341 directorships in 112 banks, railroads, insurance, and other corporations, having aggregate resources under their control of $22,245,000,000. In an after-dinner speech, one of the group made the tactical mistake of declaring that it had been said that the business of the United States was then controlled by 12 men, of whom he was one, and that the statement was true. This remark, made among friends, was deleted from the printed report of the speech when given to the public, but the public was well enough aware of the general situation without such an admission. Never before had such colossal power concentrated so rapidly into the hands of a few,

whether we consider the resources and income at their command, the population affected by their orders and acts, or the millions of persons in their direct employ.

Mr. LONG. Mr. President, that statement was made in 1903 at a meeting of bankers. As the incident is recorded by Mr. Adams in his very splendid book called "The Epic of America", one of them rose and said:

The statement has been made that 12 men in America control all of its business.

He said:

I am here to tell you that that is true, and I am one of the 12.

That statement was deleted from some of the current newspaper reports; but the fact that it was made is well known, and it is recorded by Mr. Adams in this splendid book that has been given to the country. Today there is only one difference: Instead of there being 12 men who control the business of America, Mr. President, there probably are not more than 4 today.

When you go outside the pale of influence in business of the Rockefeller families and the Morgan connections and the Mellon connections you go outside the business of America; and their influence even extends into foreign countries.

There is not a business in America today, there is not any kind of an industry in America today; there are not in the whole United States today as many people as could be put on the soil of this city alone, whose business is not directly or indirectly controlled by the three fortune-holding elements of Morgan, Mellon, and Rockefeller. The only difference is that today there are 3 instead of 12. There is not a single institution of any magnitude at all in America today that is not in their grasp and in their control; and, beyond that, their influence is such that it affects everything else, regardless of how little or how big it is, even to the tie hacker who works away in the woods by himself.

I spoke so long on this subject yesterday afternoon that I am going to conclude by sending up to the desk what I extracted from the Bible last night in addition to what I handed in yesterday.

The laws of the Scripture which I gave to the Senate yesterday are in the report of the speech I made. There were certain things enjoined upon us and certain things forbidden by these laws. In addition, there was a statement as to what would happen to a country that observed these laws, and what would happen to a country that did not observe these laws. I am going to send to the desk some further extracts I have made, and ask the clerk to give me the benefit of his voice in reading them.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

If ye walk in my statutes * * * ye shall eat your bread to the full, and dwell in your land safely.

And I will give peace in the land, and ye shall lie down, and none shall make you afraid.

* * * * * * *

And if ye shall despise my statutes, or * * * break my covenant * * * I will even appoint over you terror, consumption, and the burning ague * * * and cause sorrow of heart. (Leviticus 26:3–17.)

Who gave Jacob for a spoil, and Israel to the robbers? did not the Lord * * *? for they would not walk in His ways, neither were they obedient unto His law. (Isaiah 42:24.)

Did not Moses give you the law, and yet none of you keepeth the law? (St. John 7:19.)

Mr. LONG. And thus, today, America ignores God's law; it allows all wealth and income to be concentrated in the hands of the few, while the millions starve in the midst of plenty.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McNARY. Mr. President, I note the absence of the Senator from Mississippi [Mr. HARRISON]; and I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

| | | | |
|---|---|---|---|
| Adams | Copeland | Johnson | Patterson |
| Ashurst | Costigan | Kean | Pope |
| Austin | Couzens | Keyes | Reed |
| Bachman | Davis | King | Reynolds |
| Bailey | Dickinson | La Follette | Robinson, Ark. |
| Bankhead | Dieterich | Lewis | Robinson, Ind. |
| Barbour | Dill | Logan | Russell |
| Barkley | Duffy | Lonergan | Schall |
| Black | Erickson | Long | Sheppard |
| Bone | Fess | McAdoo | Shipstead |
| Borah | Fletcher | McCarran | Smith |
| Brown | Frazier | McGill | Steiwer |
| Bulkley | George | McKellar | Thomas, Okla. |
| Bulow | Gibson | McNary | Thomas, Utah |
| Byrd | Goldsborough | Metcalf | Thompson |
| Byrnes | Gore | Murphy | Townsend |
| Capper | Hale | Neely | Tydings |
| Caraway | Harrison | Norbeck | Vandenberg |
| Carey | Hastings | Norris | Van Nuys |
| Clark | Hatch | Nye | Wagner |
| Connally | Hayden | O'Mahoney | Walsh |
| Coolidge | Hebert | Overton | White |

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. HARRISON. Mr. President, I desire to make a brief statement as to the differences between the amendment offered by the Senator from Wisconsin and the action of the Committee on Finance, as well as of the House.

I shall make no attempt to reply to surplus remarks made on yesterday. I shall offer no defense of what this side of the aisle did during the Hoover administration. It needs no defense on the part of good Democrats, and I am sure the country appreciates the fact, when men charged with a high responsibility here attempt to cooperate in trying to bring this country back to economic normalcy.

Of course, the leader on this side of the aisle needs no eulogy from me, because what is in my heart, my estimate of him and his labors and services here, are shared by every Member of the Senate on both sides of the aisle, with possibly one exception.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. BAILEY in the chair). Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I yield.

Mr. LONG. In speaking of the leadership, I had more particularly in mind, as well as anybody else, the Senator from Mississippi. I was not speaking only of the Senator from Arkansas. When I spoke of the leadership, I think the Senator knows I certainly had him in mind for the tax policy he has pursued. He need make no defense of anyone else; let him take care of himself.

Mr. HARRISON. I am glad the Senator looks on me as being included in the leadership. But if others care no more about his estimate of me than I care about it, it makes no difference, because in my view the opinion of the Senator from Louisiana is less respected by the Membership of this body as a whole and by the country than that of any other Senator here.

Now, Mr. President, I desire to proceed.

Mr. LONG. Mr. President——

Mr. HARRISON. I wish to proceed.

Mr. LONG. A parliamentary inquiry. Would it be pertinent for it to be shown that the people of Mississippi thought so little of the Senator's opinions as to elect as Governor someone other than the candidate of the Senator?

Mr. HARRISON. The people of Mississippi have been quite generous to me. I have never been defeated for political office yet, and I will be a candidate for reelection when the time comes.

Now, Mr. President, I desire to discuss the matter before us. Men honestly differ on the question of the rates of taxation which should be imposed. I have the highest regard for the opinions of those Senators who believe that high surtaxes should be imposed, because in most instances

they believe that that is the proper thing to do. Those of us who do not support every amendment that is offered to increase the high surtaxes should not be put in the category of those who are not in favor of the imposition of fair and equitable taxes. The history of the Democratic Party shows that it believes in the income tax, that it believes it is a fair tax, and that people should pay according to ability to pay.

It was not so long ago, in 1913, that the first income tax was imposed, and at that time the normal tax was 1 percent. In 1916 it was raised to 2 percent. Following that the taxes were increased, and just for the RECORD and for the information of Senators I shall give the figures.

In 1918 when the war was on and we needed money, we increased the normal rates to 6 and 12 percent, and the surtax to 65 percent. That is the highest surtax we have ever imposed in the history of the country.

When the Treasury began to recoup we immediately reduced the normal rates to 4 and 8 percent, leaving the surtax at 65 percent until 1921. Then we began to pile up surpluses, as the Senate remembers, and in 1922 we all joined, without division, in reducing the income taxes. In other words, the opinion was that no country could prosper if it tried to exact more taxes from the people than were required for the ordinary expenses of the Government; and that is a very just principle to follow, and a very true theory.

In 1924, 2 years later, when surpluses were piling up, and the country was more prosperous, we reduced the normal rates still further, to 2, 4, and 6 percent, and reduced the surtax to 40 percent.

In 1930 we reduced the normal rates again, to 1½ and 3 and 5 percent, and the surtax down to as low as 20 percent.

In 1932 we needed money, and we increased the taxes again, the normal rates from 1½, 3, and 5 percent to 4 and 8 percent, and we increased the surtax in the highest brackets from 20 percent to 55 percent, and today under the law the highest surtaxes are 63 percent.

Mr. LA FOLLETTE. Mr. President, may we have order in the Chamber? I am sure every Senator wishes to hear the remarks of the Senator from Mississippi.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARRISON. Mr. President, the highest surtax today in the highest brackets is 63 percent. In other words, 63 cents out of every dollar, in the highest brackets, goes into the Treasury of the United States in the form of income tax. We are not letting wealth get out so badly in that regard.

In the pending bill we have reduced the normal tax, in order to catch the tax-exempt securities, from 8 to 4 percent, and we have given a corresponding increase in surtaxes, making the surtax 59 percent. So, if the committee amendment shall be agreed to and this bill shall be enacted, in the highest brackets 63 cents out of every dollar will be paid to the Federal Government. So no one can say that we are not making wealth pay its just proportion of the expense of running the Government.

In addition to that, Mr. President, in the bill we have increased the existing 1-percent penalty on consolidated returns of corporations to 2 percent, and the last time we passed a revenue bill we increased the rate on corporations to 13¾ percent. Then, too, we have tried to plug the loopholes through which the rich have been evading taxes; and we have plugged them to a large extent. We may not have plugged them in every instance, but certainly the Committee on Ways and Means and the Committee on Finance have been most diligent in trying to so frame the law that the rich might not escape their just taxes.

Mr. President, let us see what has been the effect of what we have done. If I believed that the adoption of the pending amendment would hasten economic recovery and result in the collection of more taxes, I would support it. I may be wrong in my opinion, but I have a belief, which amounts to a conviction, that there is a certain line to which we may go, and that if we go beyond that we will hamper legitimate investment. If the La Follette amendment were the law, if a man who had money to invest were required to pay as taxes 77 cents out of every dollar he earned, what would he do? Would he go into the uncertainties and the doubts and the hazards of some business investment which might employ labor, which might take up the unemployment of the country? No; he would invest in tax-exempt securities.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LA FOLLETTE. The Senator stated that my amendment would take 77 cents out of every dollar.

Mr. HARRISON. In the highest brackets.

Mr. LA FOLLETTE. The Senator means that, taking the surtax and the normal tax rate and adding them together, it would take 77 cents out of every dollar of income above a million dollars.

Mr. HARRISON. I said in the highest brackets, and adding the normal tax and the surtax. Of course, exemptions come out.

Mr. LA FOLLETTE. I simply wanted to correct the Senator's statement, because he said it would be 77 cents out of every dollar an individual earned, and that is not correct. It is in the top brackets, that part of the income above a million dollars, on which the individual would pay that rate.

Mr. HARRISON. I said in the highest bracket, which is over a million dollars.

Mr. President, if a majority of the Senate think we would get the men of great wealth to put money in capital investment after any such increase in surtaxes as is proposed, then vote this amendment into the bill. However, the record discloses that every time we have increased the taxes to such high figures, with perhaps one exception, the revenue has fallen off, and that when we have reduced the taxes to more moderate rates money has poured into legitimate investment, and the Government has received larger returns in revenue.

Here are the facts in relation to that matter. In 1918, during the war, when the normal rates were 6 and 12 percent, and the surtax was 65 percent, the income-tax returns showed $1,128,000,000. In 1928, when the normal tax rates were 1½, 3 and 5 percent, and the surtax maximum was only 20 percent, the returns showed $1,164,000,000.

When we increased the normal rates of tax of 1½ and 3 and 5 to 4 and 8 percent, and the surtax to 55 percent, in 1932, the revenues of the Government dropped off from $477,000,000, the return in 1930, to $325,000,000, returned in 1932. I could go down the line and cite the figures to show that that has been quite the record of the Treasury.

Mr. President, much is said about the consolidation of wealth; and there is too much consolidation of wealth. The Senator from Wisconsin has offered an amendment, following the action of the Finance Committee, recommending an increase in the estate tax. It is through high estate taxes that we can dissolve large consolidations of wealth. That is where we touch the rich and provide for redistribution of some wealth.

Under the estate tax law prior to 1932 we exempted every estate of $100,000 and less from the payment of an estate tax. In the highest bracket the tax went up to only 20 percent. But in 1932 we reduced the exemption from $100,000 to $50,000, and we raised the highest surtax from 20 percent to 45 percent, and we will receive much money from that. But we propose to go even further in that respect than we went in the 1932 law. The Committee on Finance recommended that the rates be increased from that maximum of 45 percent to 50 percent.

Personally I do not know whether the Senator from Wisconsin wants to accept that recommendation or not. I suggested to him that in his estate-tax amendment, where he proposes to reduce exemptions from $50,000 to $25,000, he reduce the exemption to $40,000. It must not be overlooked that many States tax the small estates quite heavily, and we do not desire to double up on such taxes too much. The committee would accept the suggestion to go as high as a

60-percent tax in the highest brackets on estates and to lower the exemption from $50,000 to $40,000. In that way we might get at the consolidation of wealth and provide for redistribution of large fortunes in this country.

But, Mr. President, when we start to put unreasonably high surtaxes, such as 71 percent, together with the 6-percent normal rate, we are likely to undo what we hope we have done in part and what we are striving to do, which is to start the wheels of industry going, to take up the slack of unemployment, and to continue the program of economic recovery.

Do we need the money at this time? Senators say we do; that we must provide the money for the purpose of giving relief in this country. That is true. We must carry on some relief. But, Mr. President, I know of no Congress that has in a tax bill increased taxes more than the levy of taxes suggested by the administration officials.

Why should we pile up taxes in these times of distress simply to have the money expended lavishly in the building of something that might be put off at this particular time? I know that when we get huge sums of money into the Treasury it is an encouragement to those who hold the purse strings and direct the expenditures to spend more than should be expended.

Mind you, payment day will come, and we ought to try to balance the Budget. We ought to make expenditures and receipts balance. There has been no request from the administration of a proposal to increase taxes more than we have increased them.

The President suggested that $150,000,000 could be raised through administrative changes in the tax law by plugging up the loopholes, and so on.

The bill as it came to us from the House provided for an estimated increase of $258,000,000.

The other day Congress overrode the President's veto. I have no quarrel with any Senator who voted to override the President's veto, and I would be the last one in the Senate to try to criticize Senators for their votes on that occasion. I believe that those who so voted voted conscientiously. I voted to sustain the President's veto. But, Mr. President, let us see what excuse there is now, simply because Senators overrode the President's veto, for piling up higher taxes. The facts are, with reference to what was done by the Senate in overriding the veto, that the cost of government has increased. Here are the facts: It will cost $27,000,000 more for the remainder of this fiscal year to pay what we gave to the employees of the Federal Government. It will cost between $62,000,000 and $70,000,000 more during the next fiscal year to take care of the provisions of that law with respect to increased wages to the Government employees. There is an increase by virtue of the change in the Veterans' Administration to $82,000,000, as carried in the plan adopted by the Congress, from $22,000,000 in the plan suggested by the administration. In other words, there will be an increased expenditure of about $60,000,000 for that purpose. In all, the increase will amount to approximately $150,000,000.

Bear in mind, Senators, that in the President's message concerning the repeal of the eighteenth amendment he or those under him estimated that we would receive from liquor taxes an increase of only $50,000,000. Every expert with whom I have talked believes we will get $200,000,000 from that source, or $150,000,000 more than was suggested in the President's message, as estimated by the Bureau of the Budget, with respect to the liquor tax. So we are not in such terrible condition as some would paint.

Let us not try to put more taxes on the people than are required for the orderly and economic administration of the Government. I hope, Mr. President, that the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] will be defeated and that the recommendations of the committee will be accepted.

Mr. LONG. Mr. President, my friend from Mississippi has taken occasion to make insulting remarks about me——

Mr. HARRISON. Mr. President, I rise to a point of order.

The PRESIDING OFFICER (Mr. BAILEY in the chair). The Senator from Louisiana is recognized only for the purpose of stating a matter of personal privilege.

Mr. LONG. I am going to state a matter of personal privilege. The Senator from Mississippi, Mr. President, has made a speech here on the floor of the Senate in which he has attacked me personally. He has stated that he knows of no one in the United States Senate whose opinion is so little regarded as mine. He has seen fit to make that remark, and he has seen fit to extend the challenge for the future in political campaigns. He has seen fit to extend a challenge which I did not ask him to extend. I want the Senator to know that his challenge will be accepted.

Mr. ROBINSON of Arkansas. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Arkansas will state the point of order.

Mr. ROBINSON of Arkansas. The Senator from Louisiana is not stating a matter of personal privilege.

Mr. LONG. I have some time left on the pending amendment. I have 25 minutes left.

The PRESIDING OFFICER. The Chair rules that the Senator has no time whatever left on the amendment now pending.

Mr. LONG. Then, Mr. President, I will ask whether there is any objection to my replying to the remark that has been made by the Senator from Mississippi concerning myself?

The PRESIDING OFFICER. There are objections. The Senator may state his question of personal privilege——

Mr. LONG. That is what I am stating.

The PRESIDING OFFICER. And confine himself wholly to that.

Mr. LONG. That is all. I am stating a personal matter between myself and the Senator from Mississippi. I do not see why the Senator should have made his statement, Mr. President, in referring to the attack which he says is made on the leadership. I made no attack on the leadership in this body. I stated what the Senator from Mississippi says himself. After having made the attack, he then goes ahead and reaffirms what I stated here on the floor. I said, speaking of what was done with reference to the tax bill which came out of Congress last year——

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. No, sir, Mr. President; I do not yield to the Senator.

Mr. HARRISON. Mr. President, I make the point of order that the Senator from Louisiana is violating the rule which was agreed to yesterday, to which he subscribed, that no Senator should speak more than once or longer than 30 minutes on the pending amendment.

Mr. LONG. All right; I will yield——

The PRESIDING OFFICER. For the second time the Chair will say that the Senator must confine himself wholly to the question of personal privilege.

Mr. LONG. I yield the floor, and I announce that I will speak as soon as the Senate has disposed of the bill. I will then take up the case of the Senator from Mississippi.

Mr. NORRIS. Mr. President, in what I shall say with respect to the pending amendment I am going to assume that everyone in the Senate is acting in good faith. I will only digress long enough to say to the brethren on the other side, how pleasant it is "to see brethren dwell together in unity." I hope when the surface matters have been cleared up we will all look at the pending amendment as one involving the best interests of our common country.

I have no fault to find with a man who is satisfied with the committee amendment, if he believes that the rates provided by it are as high as we should go. I agree with the Senator from Mississippi [Mr. HARRISON] that our taxation should be modeled according to the expenditures and in accordance with the expenses of the Government. We have never been presented with a greater need on the part of the Government for the immediate expenditure of money,

the appropriation of money, and raising of money than we are presented with at this moment.

The Senator from Mississippi [Mr. HARRISON] referred to the high tax we levied during the war. Mr. President, at the moment when we levied that tax we were not presented with as difficult a financial condition as confronts us now. Our country was practically free from bonded indebtedness.

As I remember, we levied a tax then that amounted to 67 percent. We went on with the war; we from time to time issued bonds; we loaned eleven billion or twelve billion dollars to other nations engaged in the war, and while that immense debt was confronting us, such a debt as never before had been dreamed of in our country, there came this terrible depression, worse in its economic aspects than any condition which had ever confronted us at any time during the war. There never was a moment when there was any doubt in any man's mind about the stability of our Government or about our ability to raise sufficient funds to prosecute the war; but now we are confronted with another war, presenting in a financial way a greater question than was ever before presented, and we are confronted with that problem at a time when we have the greatest indebtedness we have ever had in the history of our country. So if there ever was an excuse for a high rate of taxation it is now; it is now, Senators, much more than it was during the heat of that terrible war.

It is always unpleasant to levy taxes; it is not an easy task for the legislators to levy them. However, we are now confronted with a necessity because of which we are called upon to do many things we do not like to do. We are confronted with the fact that we are expending, and are very likely going to continue to expend for several years, more money with which to carry on our Government than has ever been expended previously.

The people, the ordinary man and the ordinary woman, cannot stand the burden. We must raise the money somewhere, and, without any ill will, without any intention of imposing a hardship upon anyone, we must go where the money is in order to get it. It is always a wise thing when we are levying a tax to see how much money the taxpayer will have left after he shall have paid his tax. Let us take this amendment. In the first place, remember these incomes are all net, representing what remains after all deductions allowed by law are first taken out. Suppose one has a net income of $10,000—and, Mr. President, millions and millions of our people would shout in joy today if they had anything like a $10,000 income—a man having an income of that amount, if this amendment shall become a law, after he shall have paid his tax, will have left, in round numbers, an income of $9,000. How many of our constituents, how many of our people have such an income? There are millions of them who are suffering because they have no income at all. The imposition of such a tax would not be a hardship. A man who is in receipt of a net income of $10,000 ought to be satisfied if he is left a profit of $9,000.

Suppose the taxpayer has a net income of $25,000. After he had paid his tax, if this amendment should become a law he would have left, in round numbers, $21,500. That would keep the wolf from the door in these times. The man who, after he has paid his tax, has left $21,500 should not have great difficulty in getting along. Most of our people would be satisfied if they had that much property. This, though, is income we are talking about; this is income in 1 year amounting to $21,500 after the tax is paid. If a man has an income of $25,000 he ought to rejoice that he is able, in these days, to make a contribution of $3,500 for the support of his Government that is now on the verge of financial bankruptcy in a great many respects.

But suppose the taxpayer has a net income of $50,000; after he has paid his tax out of that he will have, in round numbers, $37,000 left. That would keep quite a large family. The man who has that much income left is not suffering from want; we have done no hardship to that man, we have not injured him. We have left him not $37,000 of property, but we have left him $37,000 of profit in 1 year. If he had the same income the following year, and so on, he would not live very many years at least until he would feel that there would not be any danger of the poorhouse gathering him in.

Suppose the taxpayer has a net income of a hundred thousand dollars. After he has made his tax contribution to his Government he has $57,000 left. He is pretty well fixed; he has a profit, a net profit, of $57,000. That is more than most men earn in a lifetime of toil. Our constituents at home do not have that much money, including all their property; but we have left the man with an income of $100,000 with a profit in 1 year of $57,000.

I think it is a matter of fairness when our country is in need, when we must somewhere get the money, if we can take it from such men and leave them that much profit in a year. We have not injured them thereby; they can live in luxury; they will not know want; they will not know suffering. We are much easier and much more lenient with him than in the case of the man in the smaller bracket who has only an income sufficient to keep his family, even though he has to pay a very much smaller tax. The man with an income of $100,000 a year will not miss the tax he has to pay; he would not know it if he did not look at his books. He will never stop to count it. The tax absolutely does him no injury.

So, on up, the man with $1,000,000 income will have about $284,000 left him in 1 year.

Mr. COUZENS. I think he will have more than that.

Mr. NORRIS. Perhaps he will have more than that. He would not know the tax he paid if he had not signed the check and looked at its size. He cannot miss it from his luxurious income. There are not many of these men, and why should we not take this much of a contribution from them?

So, Mr. President, there is not any idea on the part of those who support this amendment of trying to injure someone; there is not any feeling of enmity against a man because of his wealth; there is not any desire to bring a hardship upon anyone, regardless of his wealth; there is not anyone criticizing him because he is wealthy. He ought to be glad; he ought to rejoice that he is able to make a contribution, we can almost say to charity, because he sees all around him millions of his fellow citizens just as honest as he is and just as patriotic asking for alms. Why, when he has this kind of an income, should he not be willing to contribute to his brothers?

The Senator from Mississippi said that the highest bracket in the amendment, being 77 percent, means that out of every dollar earned the millionaire would have to pay 77 cents in tax. The Senator corrected that statement afterward. He was very fair about it, but I want to emphasize it. Many people believe that the highest bracket in the income-tax law attaches to all of a man's income. They should get away from that idea. It does not do anything of the kind. The 77 percent applies only to the excess above $1,000,000 in any one year, and it ought not to make a millionaire feel as though he had been injured when he has to pay that tax. If I have a net income of $1,000,000 a year that I am allowed to keep, and then 77-percent tax is levied on all above that $1,000,000 a year, I would be a hard-hearted man, it seems to me, if I should object when that levy is made to alleviate the sufferings of humanity and to support the Government under whose laws I made the money. If it were not for those laws, no man would have been able to make that much money; but the country that gave him, whether rightly or wrongly, the legal right to make more than a million dollars of net profit in 1 year will, if this amendment shall go into effect, take 77 percent of all excess over and above $1,000,000 a year. The rate that he would pay on his entire income would be much less, depending, of course, upon the size of the income.

The Senator from Mississippi said that such a tax would drive money out of business. Will a man who is getting, we will say, $50,000 a year net, quit business and not make anything because of this tax? Will the man with a net income of $100,000 quit work because of this amendment

and do nothing and become a pauper? Will the individual, let us say, who is receiving a salary of $200,000 a year—and some of them get more—say, "Rather than pay this tax I will resign my position and not get anything"? If he has the patriotic spirit we all ought to have, and if he has the love of human kindness in his heart, he ought to rejoice that he is holding a position that enables him to build up his country and to save his fellow men to a greater extent than can the ordinary individual on the street. He ought to rejoice that he is enabled to give succor to the unfortunate individual who has a wife and family suffering for lack of food and without proper clothing, shivering with the cold. He ought to rejoice that because he has such a salary he is enabled to make a contribution that the law would require for the benefit of his country and for the benefit of his fellow man.

The Senator from Mississippi said such a tax would drive men out of business. I think there is nothing to that argument. He said they would invest their money in tax-exempt securities. We can remedy that situation, and we are going to have an opportunity before this bill shall be passed to vote on an amendment that, if adopted, will remedy it. There is no reason in my judgment why there should be, in time of peace, any tax-exempt securities. I am not finding fault with the man who has them. It is a natural thing and a legal thing, and sometimes a patriotic thing, to help one's municipality or county or State by investing in such bonds. But we ought to pay, and if we do our duty I think we will pay, a tax on income from that kind of securities.

I do not have the figures on that point, but I think there is perhaps some considerable exaggeration. I am not desirous of leaving any loophole of that kind. Perhaps it would not make much difference in the aggregate, because probably the securities which are now tax-exempt would draw a larger rate of interest; but if we had no such thing as tax-exempt securities it would at least clear the atmosphere of any prejudice that might exist, and to some extent I think rightfully, on account of them.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield.

Mr. FLETCHER. Just as an illustration and a point for consideration, let me refer to the farm-loan bonds, which are exempt from taxation. It has been estimated, and I think clearly established, that if those bonds were taxed, the rate of interest charged the farmer would be about 2 percent higher than it now is on his loans. I do not know whether it would be exactly 2 percent, but it would be about that. Where the farmer now gets his loan at 5 percent, if the bonds were not tax exempt, he would have to pay a higher rate of interest. He would have to pay probably 6 or 7 percent for his money.

Mr. NORRIS. As I said, the importance of the question is probably exaggerated, because what we may make on one side we may lose on the other side. But I do not want now to discuss the question the Senator has raised, because later on in the consideration of the bill some amendments are to be offered touching that point, and I propose to discuss the question then rather fully. I do not want to go into it now except to say that, in my judgment, if we had no tax-exempt securities we would relieve ourselves of many difficulties and would raise a lot of additional funds for the Government.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. BLACK. Before the Senator leaves the question that has been raised that money might be driven out of investment for business purposes, I should like to call his attention to one fact which, it seems to me, is a complete answer. Every movement in the country today is to prevent overproduction. It is claimed that we have too many factories of every kind. None of us has any reason to believe now that if we levy an income tax the people are going to put their money in unprofitable business enterprises. It seems to me there is absolutely nothing to that argument.

Mr. NORRIS. Mr. President, let me pass to the subject which I wanted to take up, because I do not have very much time left.

I started to say when I was interrupted that this amendment, perhaps, would have a tendency to prevent the accumulation of large fortunes, and the concentration of wealth in a few hands. I shall not have time to discuss that subject now; but I desire to say in passing that while I think that would be true, and I am favorably disposed toward the amendment on that account, that is not the reason why I am advocating its adoption now. I believe in its adoption because we must get the money somewhere. We shall get it under this amendment from people who will not miss it. It will not be a hardship, especially on those in the higher brackets. It may work some hardship to those in the higher brackets, but as a rule it will not be a hardship, and we must get the money. Unpleasant though the task may be, somewhere our Government must secure a greater income; and those who are opposed to financial legislation ought to be favorable to an amendment of this kind, because if something of this kind is not done, and other things like it which must be done, we shall have to resort to other means to debase and to cheapen our currency.

Mr. President, I believe as a fundamental proposition that before we can ever return to normal prosperity, before we can ever bring ourselves out of the terrible situation in which we are at this time as a result of the depression, two things must happen. To me, they seem fundamental. One is that the hours of labor must be reduced. The other is that some law must be passed that will bring about a greater distribution of the wealth of the country.

We have now reached a time when the best students of political economy agree that one of the difficulties of our situation is the unequal distribution of wealth, the accumulation of wealth in a few hands. This amendment has a tendency to help out in that respect.

In my opinion, the great remedy to bring that about, which would not inflict a hardship on anyone or do an injustice to anyone, would be increasing the estate or the inheritance tax. If I could be assured that the inheritance tax or the estate tax in this bill would be increased so that it would have that effect, I should not care very much whether this amendment is agreed to or not. We are not going to be able to do that, however, in this bill. We are not going to be able to reach the point we ought to reach and will have to reach some day in order to bring permanent prosperity to our people; so we ought to favor this amendment as tending to do a little to bring that about. We ought to favor it because in its administration it will not inflict a hardship upon any living soul, especially in the higher brackets. The tax will be paid by men who can pay it without any feeling—if they are patriotic—of resentment or prejudice. It will be paid by men who will hardly know that they are paying it, who will not feel it. After all, when some men receive incomes of as much as a million dollars a year, when thousands are living in luxury and never know what want is, while at the same time we have millions of paupers, millions who are starving and suffering, it seems to me it is self-evident that in our country and under our laws there is something wrong.

This amendment will have a tendency to relieve distress, to help the country, and will not injure the man who has money. It seems to me, therefore, that when we are confronted with a proposal of this kind there ought to be—there can be, as I look at it—but one way out. If we do not take this action now, we shall have to do it in the future, when the hardships will be greater. If we do not give relief now, we shall have to give relief when it will be much more needed, when it will be much more urgent, and ultimately we shall come to a time when there must be a division, even though it is not made according to law.

Mr. FRAZIER. Mr. President, I agree very heartily with what the Senator from Nebraska [Mr. NORRIS] has said; and

I desire to take just a minute or two to insert in the RECORD some figures which I find in the hearings before the Senate Finance Committee on the Revenue Act of 1934, on page 34. These figures were put in the record by Benjamin Marsh, of the People's Lobby.

He states that England obtains four times as much from income tax as the United States in proportion to wealth and income. During the fiscal year of each nation—that is, the United States and England—in 1932 the proceeds of the individual and corporation income tax were, in England, figuring the pound at $4.86, $1,781,500,000; in the United States, $1,056,756,697; or an excess in England over the United States of $724,743,303.

In other words, England's revenue in 1932 from income and surtaxes was $724,000,000 more than ours; and Mr. Marsh goes on to state that in the fiscal year 1933 the disproportion was even greater, England getting from those two taxes $1,527,900,000 and the United States only $746,791,404.

Mr. BAILEY. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. FRAZIER. Certainly.

Mr. BAILEY. Referring to the statistics which the Senator has read relative to revenue from income taxes as between Great Britain and the United States, is it not a fact that England is deriving that superior revenue by imposing very large taxes on very low incomes, while we are not doing so? Does the Senator mean to assert that England gets her superior revenue from taxes on the wealthy, or does she get it from taxes on the poor? And would the Senator advocate that we put income taxes on people of low incomes?

Mr. FRAZIER. Mr. President, as I understand, a few years ago, when England got behind, and had to raise more money to balance the budget, the English increased their tax levies, especially in the high brackets. I will admit that they probably had more tax on the low incomes also; but they increased the income tax on the high brackets, as I recall, to almost 100 percent.

Mr. BAILEY. Then a tax by England on low incomes is no argument for a tax by America on high ones, is it?

Mr. FRAZIER. They also have a tax over there on high incomes.

Mr. BAILEY. But they do not derive their superior revenue from that tax, and that is the point I have in mind.

Mr. FRAZIER. Yes; I appreciate that, but the fact is that in England they have a very high tax, almost 100 percent, on the incomes in the high brackets.

It has been stated here that a high tax would drive money out of business. I believe our wealthy business men are just as patriotic as the wealthy business men of Great Britain, and I can see no reason why they should not be taxed. I believe that those who are best able to pay should pay the tax. I believe that corporations and business men who are making great profits in these hard times should pay the bulk of the income tax.

Mr. BAILEY. Mr. President, all that may be true; but I am directing the Senator's attention to the fact shown by the statistics he has read, that England derives her superior revenue from taxes on low incomes.

Mr. FRAZIER. I think the figures bear out the statement that we derive a large part of our income from the low brackets, too.

Mr. BAILEY. Relatively less. If the Senator will read the morning papers, I think I can call his attention to a statement——

Mr. FRAZIER. I think it is relatively less; but that is no reason, so far as I can see, why we should not increase the tax on the high brackets at the present time.

Mr. BAILEY. But is the fact that England derives a superior revenue from low incomes a reason why we should impose a heavier tax on high incomes?

Mr. FRAZIER. Not at all. The fact is that England has not by any means as many wealthy corporations in comparison as we have in the United States, because there are better laws, I regret to say, to govern that kind of thing and control the amassing of great wealth in England.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Ohio?

Mr. FRAZIER. I do.

Mr. FESS. The last tax bill changed the exemptions in the United States so that the number of income taxpayers under the old law, about 3,000,000, was increased in the recent revision to 6,500,000. That was done by reducing the exemptions. That more than doubled the number on the list of income taxpayers. Have we any data showing how much the tax has been increased by lowering the exemptions, whereby we doubled the number of income taxpayers?

Mr. FRAZIER. I have not the figures, and I have not heard them quoted.

Mr. FESS. That would answer the question of the Senator from North Carolina [Mr. BAILEY].

Mr. FRAZIER. Undoubtedly that brought in a large amount of additional money, but, in my estimation, that is no reason why at this time we should not increase the tax in the high brackets on the very large incomes.

Mr. FESS. Furthermore, the last tax legislation increased the corporation tax about 1 percent.

Mr. FRAZIER. Yes.

Mr. FESS. So there would be a larger amount of taxes by reason of the change of the law, but just how much it would be I do not know.

Mr. FRAZIER. That is perfectly true. I do not know how much it would be, but I wanted to bring out the fact that in England they increased their taxes both on those in the high brackets and on those in the low brackets, but especially on those in the high brackets, taking almost 100 percent, as I recall; and, according to press reports, during the past year England had a surplus of income over expenditures, which we have not had for some time. If we are going to get out of our present great indebtedness, if we are going to balance our Budget, it seems to me the adoption of the La Follette amendment is one of the best ways in which we can raise the increased revenue that is needed at this time.

Mr. GEORGE. Mr. President, if this were a conflict between relatively low income taxes and high income taxes, the argument would be overwhelming in favor of imposing rates high enough to raise at this time, in view of our Treasury needs, considerable income. But that is not exactly the case we have before us now.

Under the bill as it stands, the rate on incomes of a million dollars or over runs as high as 59 percent surtaxes, plus, of course, the normal rate of 4 percent, giving a combined rate of 63 per cent. Even upon incomes between $80,000 and $90,000, the combined rate is 49 percent. That is to say, even upon that comparatively low income, as we have known incomes in the past, 51 cents out of every dollar is saved to the earner or taxpayer, while 49 cents goes into the Treasury.

On incomes between $90,000 and $100,000, the combined tax amounts to 54 percent. That is to say, 54 cents out of every dollar earned, if the taxpayer falls within this bracket, goes to the Government, while he is privileged to retain only 46 cents.

Mr. President, there has been prepared by the experts a table of the rates under the committee bill and under the bill as it is presently revised, under the amendment prepared by the Senator from Utah [Mr. KING], which he will probably urge, and under the La Follette amendment, and I ask that this tabulation be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Exhibit 1 is as follows:

*Comparison of income-tax rates—Normal rates*

| | Percent |
|---|---|
| Committee bill | 4 |
| Harrison revision | 4 |
| King revision | 5 |
| La Follette revision | 6 |

*Comparison of income-tax rates—Surtax rates*

| Net incomes | Committee bill | Harrison revision | King revision | La Follette revision |
|---|---|---|---|---|
| | *Percent* | *Percent* | *Percent* | *Percent* |
| $4,000 to $6,000 | 4 | 5 | 3 | 6 |
| $6,000 to $8,000 | 4 | 7 | 4 | 6 |
| $8,000 to $10,000 | 5 | 8 | 5 | 7½ |
| $10,000 to $12,000 | 6 | 9 | 6 | 9 |
| $12,000 to $14,000 | 7 | 10 | 7 | 10½ |
| $14,000 to $16,000 | 8 | 11 | 9 | 12 |
| $16,000 to $18,000 | 10 | 12 | 11 | 15 |
| $18,000 to $20,000 | 12 | 13 | 13 | 18 |
| $20,000 to $22,000 | 14 | 15 | 15 | 21 |
| $22,000 to $26,000 | 16 | 17 | 17 | 24 |
| $26,000 to $32,000 | 18 | 19 | 19 | 27 |
| $32,000 to $38,000 | 21 | 21 | 22 | 31½ |
| $38,000 to $44,000 | 24 | 24 | 25 | 36 |
| $44,000 to $50,000 | 27 | 27 | 28 | 40½ |
| $50,000 to $56,000 | 30 | 30 | 31 | 45 |
| $56,000 to $62,000 | 33 | 33 | 35 | 48 |
| $62,000 to $68,000 | 36 | 36 | 40 | 51 |
| $68,000 to $70,000 | 39 | 39 | 40 | 54 |
| $70,000 to $74,000 | 39 | 39 | 45 | 54 |
| $74,000 to $80,000 | 42 | 42 | 45 | 57 |
| $80,000 to $90,000 | 45 | 45 | 50 | 60 |
| $90,000 to $100,000 | 50 | 50 | 55 | 63 |
| $100,000 to $150,000 | 52 | 52 | 60 | 65 |
| $150,000 to $200,000 | 53 | 53 | 60 | 66 |
| $200,000 to $300,000 | 54 | 54 | 60 | 67 |
| $300,000 to $400,000 | 55 | 55 | 60 | 68 |
| $400,000 to $500,000 | 56 | 56 | 60 | 69 |
| $500,000 to $750,000 | 57 | 57 | 65 | 70 |
| $750,000 to $1,000,000 | 58 | 58 | 65 | 70 |
| Over $1,000,000 | 59 | 59 | 65 | 71 |

Mr. GEORGE. Mr. President, I am aware of the fact that many arguments have been advanced against high rates which will not bear close analysis, but when the taxes already imposed are high—and no one can say that they are not high—those arguments have more validity and more force, because they are based upon some sound reasons. They are exaggerated frequently by those who wish to escape just taxes, and they have lost much of their force and effect because they have been so often misused or abused.

Mr. President, the question of imposing and collecting income taxes is a practical thing. We are not considering an ideal or a Utopian situation, and when the distinguished Senator from Nebraska [Mr. NORRIS] recalls to mind the net income, and impresses upon the Senate what the man who earns $10,000 or $15,000 or $20,000 or more has left after the payment of the tax, it sounds very different from what happens in real life, in practical life, in many cases.

When this country comes back—and it is coming back; we have made progress, and real progress—it will come back in inventories; it will not come back in cash money in the pockets of taxpayers. Hoarding was certainly one of the evil practices during the depression. Money was money, and it was kept in liquid form, if I may use the expression. Banks carried liquidity not only to a senseless extreme, but virtually crucified the business of this country and made it impossible for business to go on. So that if we recover—and we shall recover—it will be because we have built up inventories; it will be because we have put men and women back to work making and doing things; increased incomes will not be in cash; they will in many cases be locked up in nonliquid assets.

So let us look at this matter from a practical point of view and understand exactly what we are doing. We may have the little business man, who is operating his mercantile business, with an inventory at the beginning of the year of only $5,000, and, let us say, $1,000 in cash. At the end of the year, let us assume, his inventory is $15,000, and yet he has but $1,000 in cash. If we are not careful in the adjustment of the taxes, we will make it dangerous for a man to increase his income in inventory, in new business.

The income of the country, which will spell the return of prosperity, will be in many cases inventories—money made, it is true, but locked up in nonliquid form, in nonliquid assets.

Mr. President, let us see what burden will be imposed under the bill as it is proposed by the committee, upon the individual business man who has his increased wealth in an inventory, indicating that he has been willing to do business with and for his fellow men; indicating that he has not garnered his money and hoarded it in a liquid reserve; indicating that he has not put it in tax-exempt securities; indicating that he has made a real contribution to the welfare of his country, as well as to his welfare.

Let us take the case of the net income of $10,000. The tax paid, above all municipal taxes, above all State and county taxes, above all special taxes or licenses, under the committee bill as it stands, would be $465. Under the La Follette amendment it would be $600. There is here no great difference.

Let us take the income of $30,000, measured by an increase in the inventory of an active business. Under the committee bill we would take from that income $3,785. Under the La Follette amendment we would take $4,995. It might be said with a great deal of reason that an income of that size could stand such a tax. But let me repeat, if the income is represented in the inventory, not in cash, such a tax would be a heavy burden upon the business of the country.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. COUZENS. I do not know whether or not I understood the Senator correctly, but I understood him to say that if the income had been in inventory, the taxpayer would have to pay an income tax. I do not follow the Senator in that.

Mr. GEORGE. Perhaps the Senator did not understand what I previously said. I illustrated what I am now saying by taking the case of a small business, with an inventory of $5,000 at the beginning of the year, and of $15,000 at the end of the year, but with no greater amount of cash on hand. There is an income, although it is represented entirely by increase in the inventory, increase in the merchandise, in the stocks on hand.

Mr. COUZENS. I do not understand that one would be taxed on an increase in his inventory.

Mr. GEORGE. Oh, yes.

Mr. COUZENS. Certainly there would be no tax if it were a corporation.

Mr. GEORGE. I am not speaking of corporations. The Senator knows we are dealing with individual income taxes. But even a corporation is taxed on its inventory increase.

Mr. COUZENS. It pays on increase in the form of profits.

Mr. GEORGE. That is quite true. I was presupposing the individual taxpayer made a profit.

Mr. President, on a net income of $100,000, under the committee bill, the taxpayer would pay $30,810; under the La Follette amendment he would pay $42,915.

It is easily conceivable that the payment of even $30,810 would be a great strain on an active, going business, and I am speaking for such taxpayers. When it comes to the man who has a money income, who has an investment which is yielding a cash dividend or return, the case is different. This country is in part at least made up of small business, it is made up of small business men, it is made up of merchants and manufacturers, it is made up of those men who do the useful work of the Nation.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. GEORGE. I yield.

Mr. LA FOLLETTE. Does the Senator from Georgia believe that there are very many businesses of the type he is discussing which are carried on by individuals; businesses which are not incorporated?

Mr. GEORGE. Oh, yes; a great many.

Mr. LA FOLLETTE. All that any individual who is engaged in a business such as the Senator from Georgia describes, and operating on such a scale, would have to do to avoid paying on the profit realized from inventory under the individual income tax would be to incorporate his business.

Mr. GEORGE. No, Mr. President; the Senator from Wisconsin is wrong. He would pay precisely on the same basis, but the rates would be different on the corporation.

Mr. LA FOLLETTE. It would be only 13¾ percent.

Mr. GEORGE. The Senator is quite right.

Mr. LA FOLLETTE. It does not seem logical to me, if the Senator will permit me to say so, to assume that there

are very many businesses, such as the Senator has described, being conducted by individuals under the existing income-tax rate.

Mr. GEORGE. I think the Senator is disposed to minimize the fact that a great many businesses in the country are carried on by individuals. The same principle is applicable to corporate income, so far as that is concerned. Many people derive their incomes or parts thereof from corporate dividends. But I am not discussing the corporation rate at all. I am discussing the individual income-tax rates. I am discussing it, not for the sake of making an argument against a just, even a high tax, but for the purpose of emphasizing, if I may, the full force and effect of legitimate argument against carrying the tax too high. That is my argument.

Mr. LA FOLLETTE. I understood the Senator's argument, and I was endeavoring to follow it, but I cannot see how under the existing rates in the 1932 act there can be very many businesses being conducted on the scale the Senator indicates, which have decided to operate as individual enterprises and pay the high income tax rates as against the 13¾-percent corporation rates which they would pay if they incorporated.

Mr. GEORGE. Mr. President, of course I know that we are doing a tremendous volume of business, a very high percentage of business, through corporations, but nevertheless this levy is on individual incomes, and there are individuals who will be subject to it. What I am trying to say is simply this, that taxes are a practical matter. We talk about net income, and we visualize the man at the end of the year as having earned $10,000 or $15,000 or $20,000, and we visualize his income as in liquid form with which he can readily discharge his tax obligation. The contrary is true. The contrary is true at least in a large number of cases, and therefore the argument ought to be examined, and it ought to be given weight when we are called upon to raise the rates above the relatively high rates in the committee bill, although they are not in excess of some of the committee's rates.

Mr. President, I believe as firmly as anyone in taxing all property, and I will vote as quickly as anyone in the Senate to tax Federal securities, or municipal and State bonds, but I direct attention to a fact brought to my attention but a short time ago, which is that on the day before yesterday $50,000,000 of New York State bonds were sold at an interest rate of 2.88, or less than 3 percent, lower than bonds of that State were ever sold before. Of course they are tax exempt.

We may close our eyes to the fact, if we wish to, but nevertheless this fact speaks louder than any language can say it, that the men who have money to invest are looking for tax-exempt securities. They always will look for tax-exempt securities. So there is a point beyond which we cannot carry rates without endangering our economic and financial and industrial progress, and particularly it seems to me we ought to have regard to that fact in a period like the period of the present depression from which we are emerging.

Mr. President, I am calling attention to the fact that the rates in the committee's bill on all income is relatively high. For that reason I am going to vote for the committee rates rather than the somewhat higher rates proposed by the distinguished Senator from Wisconsin.

We can tax income until the tax will tend to discourage business enterprise, business activity. Just where that point is no one can say. It will vary under varying conditions, beyond all doubts, and any tax has some tendency to discourage active business enterprise if there is an avenue or a shelter under which wealth may shelter itself and escape taxation.

I would be happy to see all securities made taxable, subjected to the Federal income tax. I should be happy to see an equitable distribution of wealth in this country. I recognize the force of every fair argument made for the redistribution of wealth. However, there is but one redistribution of wealth that will be worth anything to the masses of this country or any other country, and that is an economic distribution brought about and supported by principles of public justice which make for a natural rather than an unnatural condition forced by arbitrary measures.

The mere arbitrary redistribution of the wealth of the country means chaos. The redistribution must come through the application of sound principles of public justice and as a step in an evolution which can be greatly aided and greatly facilitated by wise legislation and by the adoption of wise policies.

On that point there is much to be said, and I will go as far as any Member of the Senate may reasonably go in the taxation of estates or the placing of limitations upon the inheritable interest of anyone upon wealth transmitted through death.

Mr. President, I have made these scattering suggestions for the purpose, if I can, of emphasizing what seems to me to be just reasons for supporting a tax that runs as high as 62 percent on incomes of a million dollars and over—59-percent surtax and 4-percent normal rate, making the combined rate of 62 percent.

It may be that there is no insuperable obstacle in going to the higher rates proposed by the Senator from Wisconsin of 77 percent upon a like income—surtax rate of 71 percent plus the 6-percent normal rate, or a combined rate of 77 percent.

The necessity for raising revenue is recognized. The desirability of not increasing our bonded indebtedness, as far as possible, is recognized. But it may be in the present state of our industry and general business that we will get more revenue out of the lower rates, which cannot be said to be low, than we will get from the higher rates suggested by the distinguished Senator from Wisconsin. At least, Mr. President, I believe that we will; and I believe profoundly that during the next 2 years—and this tax act can stand no longer than 2 and possibly no longer than 1 year—it is well to bear in mind that what we need and want in this country is the active dollar—not the liquid dollar—the liquid wealth both at the beginning and end of the tax year.

Mr. COUZENS. Mr. President, I had not intended to speak upon this subject, but the Senator from Georgia seems to have unconsciously misled the Senate with respect to the difference between the corporation tax and the individual income tax. He specifically gave the instance of a taxpayer who had $5,000 in inventory at the beginning of the year and had $15,000 at the end of the year, or, in other words, had added $10,000. In that case, as an individual he would have to pay a tax of $618, while as a corporation he would have $1,375 to pay.

When the income goes up into the higher brackets, the same condition does not apply. For example, if a corporation has an income of $100,000 it pays $13,750, based upon the corporation tax, but an individual with the same income pays $42,993. Obviously the individual would be stupid to operate his business as an individual if from it he derived an income of $100,000, for he has to pay $42,993 of income tax as against a corporation paying $13,750. So, Mr. President, I lose all interest in the Senator's argument about the growth of inventories as applied to individuals, because the individual always has the option of operating as a corporation or as an individual.

Certainly these rates as applied to individual income will not be onerous so far as inventories are concerned. In fact, there are 5 feet of records now piled in the office of the Banking and Currency Committee showing salaries of individuals ranging from $10,000 to $250,000 and $500,000, plus bonuses, which are all received in cash. Certainly, as the Senator from Nebraska [Mr. NORRIS] pointed out this morning, even if the rates proposed shall be assessed against such incomes, there will be quite sufficient left for the recipients to live on, and it cannot be said that a man who is investing his income in inventories will in any sense be affected by these rates. Anyone who operates so that his increase in income is brought about by inventories would be an unwise if not a stupid business man if he failed to incorporate and get a 13¾-percent rate rather than pay the 42-percent rate as, for example, in the case of the $100,000 income.

Mr. President, there is no justification for not adopting these rates. Every taxpayer has all the opportunity he wants in doing business to increase his business, as the Senator from Georgia properly said, under corporate form, and to evade these high individual income taxes.

Mr. President, there is another thing. As I have said, the list of the salaries that were reported by the Federal Trade Commission as a result of the resolution adopted by the Senate under the instigation of the Senator from Colorado [Mr. COSTIGAN] stands about 5 feet high. Those people have been drawing these salaries, in nearly every case, all during the depression, and have in no sense paid a comparable return on their incomes while the rest of the country has been in such great distress. It seems to me if our worthy President is going to gain his objective in bringing about a recovery in business through the expenditure of public money, then certainly those who are benefiting by such expenditure of public money should pay their share toward recovery. When we come to consider the hundreds of thousands of names of individuals who have not contributed, but have had these lucrative salaries all during the depression, there appears to be no reason why they should not now be called upon to pay something toward returning to the Government the money the Government has spent in aiding them to increase their incomes.

Mr. GEORGE. Mr. President, may I call the Senator's attention in his time—because I cannot speak again—to the fact that even in 1933 the income of individuals, exclusive of wages and salaries, amounted to $1,287,883,245, and that the income of partnerships, which, of course, is returned as individual income, amounted to $450,275,907, which is also exclusive of dividends, salaries, and wages. So there are many individuals yet in the United States who are doing business as individuals and whose income in a large number of cases consists of an increase in the corpus of their estates or inventories and not in cash money in the pocket.

Mr. COUZENS. Mr. President, will the Senator respond to a question?

Mr. GEORGE. Certainly.

Mr. COUZENS. Will the Senator tell me why the individual business man, for whom he is pleading, would find any difficulty in increasing his inventory $10,000 if he had to pay $618 in taxes? And that is what this amendment calls for. Yet if he was doing business in corporate form he would have to pay $1,375.

Mr. GEORGE. I understand that.

Mr. COUZENS. Then, why the plea for the individual business man, when he has the option of incorporating himself and getting a lower rate?

Mr. GEORGE. The Senator very well knows that the corporation is subjected to a great many more restrictions than the mere payment of a tax at the rate of 13½ percent upon its net income.

Mr. COUZENS. I thought greater liberality was accorded to corporations than to individuals.

Mr. GEORGE. Oh, no.

Mr. COUZENS. And I fail to understand why individuals incorporate if they do not thereby get more liberal treatment.

Mr. GEORGE. The Senator very well knows that in this bill we are seeking to tax undistributed income or earnings of corporations; the Senator very well knows that in the case of consolidated returns we are putting a penalty upon the corporations, striving at least to bring their taxes more nearly in line with what we conceive to be the proper measure of taxes to be paid by them.

Mr. COUZENS. If these concerns and individuals are so prosperous, certainly the Senator from Georgia should not object if the provisions of the amendment should be applied and should not shed tears for them.

Mr. GEORGE. No, I am not shedding tears; the Senator has little warrant for any such insinuation; I am not shedding tears at all, but I am pointing out that in this country a great deal of its business is still being done by individuals who, because they elect to operate in an individual capacity, are not incorporated, and they are subjected to the taxes that are imposed by the Congress, whatever those taxes may be.

Mr. COUZENS. And yet those taxes, Mr. President, as to individuals in almost all classes of business are less than the corporate taxes. So I cannot see the force of the argument that an individual operating as such would pay these individual taxes when he could incorporate and get away with a tax of 13¾ percent.

Mr. GEORGE. I am sorry the Senator cannot see it, but I again call his attention to the fact that a taxable income in 1933, of $1,287,883,245, was returned by individuals, and no part of that income was wages or salaries as such.

Mr. COUZENS. That was because the rates were so low. There is not any argument about that, and I am not disputing those figures, but there is every temptation for individuals to continue in their individual capacity rather than in corporate form because of the rates. Now, when the Congress is endeavoring to bring the rates up to a more comparable form, the Senator objects. The figures given by the Senator would materially be reduced undoubtedly, and more and more returns would be received if this amendment were incorporated in the law.

Mr. GEORGE. I am not referring to corporate returns at all; I am simply referring to individual incomes in 1933; and I am calling attention to the fact that over a billion and a half dollars of income was returned by individuals and copartnerships in 1933, and that, therefore, there are a considerable number of individuals in this country to be affected by the tax on individual incomes.

Mr. COUZENS. Certainly, that is what the proposal is, to provide an increased rate on incomes. The mere mention of those figures by the Senator does not create any distinction between the man who is in business and the man who receives his income from salaries or other sources.

Mr. GEORGE. I stated to the Senator that these were incomes of individuals exclusive of wages received or salaries received.

Mr. COUZENS. No; those figures are not exclusive of salaries received.

Mr. GEORGE. They are according to the statement I have before me. If I have been misled, I have been misled by the light from heaven when perhaps the Senator knows better. I do not know as to that.

Mr. COUZENS. That does not include the income from salaries.

Mr. GEORGE. It excludes salaries and wages, according to the statement which is before me, and on that point I shall not argue with the Senator or anyone else. I can state that the figures show——

Mr. COUZENS. I do not care to have these figures repeated.

Mr. GEORGE. The amount is shown——

Mr. COUZENS. I cannot have my time consumed by the Senator from Georgia.

Mr. GEORGE. The amount of the salaries and wages——

Mr. COUZENS. I have listened to those figures several times. I want to refer to another matter. The Senator from Georgia, as I recall in his statement, referred——

The PRESIDING OFFICER. The present occupant of the chair understood that the Senator from Michigan had yielded the floor.

Mr. COUZENS. Oh, no. My 30-minute limitation has not expired. I yielded in order that the Senator from Georgia might make a statement in my time.

The Senator from Georgia, if I recall correctly, stated that the income taxes were in addition to all other taxes. Of course, that is not correct. Taxes paid to the States are deductible before income taxes are computed.

Mr. GEORGE. Mr. President——

Mr. COUZENS. I decline to yield for the Senator to make any further statement. When he was making his statement I did not interrupt him, and if I am inaccurate he can get one of his colleagues to yield him time to refute what I have said. We are limited to 30 minutes, and I cannot yield fur-

ther to the Senator from Georgia. However, I will give the Senator an opportunity to correct me if he did not say that these taxes were all in addition to the other taxes.

Mr. GEORGE. I said they were additional taxes paid, as they are. A man pays taxes to the State, the county, the city, and the Federal Government.

Mr. COUZENS. But they are deductible from his income tax.

Mr. GEORGE. The amount is deductible from gross income, but I said they were additional taxes paid. If this were the only tax we were called upon to pay, the effect would be different.

Mr. COUZENS. But, as I pointed out, the taxes paid to the States and municipalities are deductible from the gross income of the taxpayer, so he may wipe out his entire net income by deduction of such taxes.

Mr. GEORGE. I did not say anything contrary to that statement.

Mr. COUZENS. The inference was that a man does not get credit for the other taxes, when as a matter of fact he does. In any event, I sent to the Committee on Banking and Currency to see if I could get some of the reports from the Federal Trade Commission, but find they have not yet been printed. They are very illuminating as to the great desirability of increasing the income taxes. It can be done, as the Senator from Nebraska [Mr. NORRIS] clearly pointed out, and still leave the taxpayer quite an adequate sum for living expenses.

I now yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. HARRISON. We had better have the yeas and nays.

The yeas and nays were ordered.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

| | | | |
|---|---|---|---|
| Adams | Copeland | Kean | Reed |
| Ashurst | Costigan | Keyes | Reynolds |
| Austin | Couzens | King | Robinson, Ark. |
| Bachman | Davis | La Follette | Robinson, Ind. |
| Bailey | Dickinson | Lewis | Russell |
| Bankhead | Dieterich | Logan | Schall |
| Barbour | Dill | Lonergan | Sheppard |
| Barkley | Duffy | Long | Shipstead |
| Black | Erickson | McAdoo | Smith |
| Bone | Fess | McCarran | Steiwer |
| Borah | Fletcher | McGill | Thomas, Okla. |
| Brown | Frazier | McKellar | Thomas, Utah |
| Bulkley | George | McNary | Thompson |
| Bulow | Gibson | Metcalf | Townsend |
| Byrd | Goldsborough | Neely | Tydings |
| Byrnes | Gore | Norbeck | Vandenberg |
| Capper | Hale | Norris | Wagner |
| Caraway | Harrison | Nye | Walsh |
| Carey | Hastings | O'Mahoney | White |
| Clark | Hatch | Overton | |
| Connally | Hayden | Patterson | |
| Coolidge | Johnson | Pope | |

The PRESIDING OFFICER (Mr. ASHURST in the chair). Eighty-five Senators having answered to their names, a quorum is present.

Mr. DILL. Mr. President, I have been so busy with other matters in the form of proposed legislation that I have not been able to prepare data that I should have liked to prepare on this subject. The principle involved, however, is so vital and so important that I feel constrained to say a few words before the vote is taken.

I think it is fortunate for the country and for the Senate that the Senator from Wisconsin [Mr. LA FOLLETTE] has presented his amendment. It is an amendment that should be considered and voted upon here. It is an amendment that goes to the very heart of the taxing situation in this country today.

What do we propose to do with a budget, whether it be ordinary or extraordinary, in which the expenditures are billions more than the receipts? Are we to bond the country; are we to resort to sales taxes and at the same time allow those who are receiving enormous incomes to continue to receive them and take no larger part of those incomes in the form of taxation than we did in prosperous days? When millions of men and women have not the necessities of life, when the Government cannot afford to expend sufficient money to give all of them employment, is it possible that the representatives of the people in this body are willing that men shall continue to take out of the profits of production, out of the moneys which are unearned because of former profits, these enormous incomes, without taxing them in an amount sufficient to meet at least a part of this added expenditure?

To me it is unthinkable that in times like these any man or set of men should be permitted to put into their pockets literally millions of dollars while other millions of people have not the means of existence.

I am not a revolutionist. I am fearful of overturning the system that has taken us so far on the road to civilization. I am convinced, however, that it is the high duty of those who hope for a better condition of life for the millions of common men and women of America to put a stop to the accumulation of these vast fortunes at a time when our Treasury has not money with which to pay its bills except by borrowing still more money. I believe this is one of the steps we should take in the direction of reform at this time.

I cannot close my eyes to the fact that we are rearing in America a generation better educated than any generation of young people that has ever lived in this or any other land. We are still teaching them that the doors of opportunity are open, but the surrounding conditions make those teachings a literal lie. Something must be done in this country to make it possible for young people educated and trained and fitted for the duties of life to have an opportunity to make enough to take care of themselves, and to rear families as their fathers have done.

It is not enough to say that they can live and they can exist better than the people of 30 or 40 or 50 years ago lived. They have a right to better things; and this, it seems to me, is one of the steps to show them that those of us who have the power to levy taxes do not propose to permit these great fortunes to be accumulated or enlarged out of the profits of production in these distressing days.

I think the greatest need of today is some plan to divide the profits of production and to distribute the products of this land equitably among the masses of the people. I believe if everybody in this country—man, woman, and child—could be given the food they would like to have and that they need for their own good health, could be given the clothing they should have in a land like ours, in a civilization such as ours—could be given it, I mean, by earning it honestly—if they could be given the furniture in their homes, the carpets on their floors, the telephones and the radios and the automobiles they are entitled to have; if we could work out a system by which they could secure these things by their own labor, the consumption would be so great that it would almost keep all of our people employed, even with all our modern methods of production.

Here we have an opportunity to increase substantially the burden of taxation upon those who are making more than their proper share out of the profits of production. I remember years ago reading of the struggles in this body and the body at the other end of the Capitol over the subject of the income tax. I could not understand then, much less can I understand now, how men in times like these will refuse to vote to take a substantial—in fact, a large—percentage of that part of a man's income that is not needed in the ordinary activities of life.

I shall not delay the Senate. I only wanted to give expression to my feelings and my thoughts on this question. I hope the Senate will adopt this amendment. It does not go as far as some of us think it ought to go; but we know that legislation is a matter of compromise. We know also that it is wise to raise the rate of income taxes gradually. I think the proposal of the Senator from Wisconsin is a very moderate one, and I hope his amendment will be adopted by the Senate.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. The yeas and nays have been ordered on the amendment, Mr. President.

Mr. HARRISON. Yes; the yeas and nays have been ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BONE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BONE. Will an affirmative vote be a vote for the La Follette amendment?

The PRESIDING OFFICER. It will be.

The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I desire to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING]. On this question he has a pair with the junior Senator from Florida [Mr. TRAMMELL]. If the senior Senator from New Mexico were present, he would vote "yea", and I am informed that if the junior Senator from Florida were present he would vote "nay."

Mr. FESS (when his name was called). Upon this question I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. I am advised that were he present he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD], who is absent. Not knowing how he would vote, I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, and not knowing how he would vote if present, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. LOGAN (after having voted in the affirmative). I inquire whether the junior Senator from Pennsylvania [Mr. DAVIS] has voted.

The PRESIDING OFFICER. That Senator has not voted.

Mr. LOGAN. I have a pair with the junior Senator from Pennsylvania. I do not know how he would vote if present. I therefore withdraw my vote.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold.

I desire to announce that the Senator from Mississippi [Mr. STEPHENS], the Senator from Florida [Mr. TRAMMELL], the Senator from Nevada [Mr. PITTMAN], the Senator from Iowa [Mr. MURPHY], and the Senator from Virginia [Mr. GLASS] are necessarily detained from the Senate.

Mr. McADOO. I have a general pair with the Senator from Connecticut [Mr. WALCOTT]; but as he and I would vote alike on this question, I am informed that a special pair has been arranged for him. I am, therefore, at liberty to vote, and vote "nay."

Mr. FESS. I desire to announce that on this question there is a special pair between the Senator from Connecticut [Mr. WALCOTT] and the Senator from Montana [Mr. WHEELER]. If the Senator from Connecticut were present, he would vote "nay", and if the Senator from Montana were present I understand he would vote "yea."

I also desire to announce that the Senator from Rhode Island [Mr. HEBERT] is detained on official business. If present, he would vote "nay."

The result was announced—yeas 36, nays 47, as follows:

YEAS—36

| | | | |
|---|---|---|---|
| Ashurst | Connally | La Follette | Pope |
| Black | Costigan | Long | Reynolds |
| Bone | Couzens | McCarran | Russell |
| Borah | Dill | McGill | Schall |
| Bulkley | Erickson | Neely | Sheppard |
| Bulow | Frazier | Norbeck | Shipstead |
| Capper | Hatch | Norris | Thomas, Okla. |
| Caraway | Hayden | Nye | Thompson |
| Clark | Johnson | Overton | Vandenberg |

NAYS—47

| | | | |
|---|---|---|---|
| Adams | Bailey | Barkley | Byrnes |
| Austin | Bankhead | Brown | Carey |
| Bachman | Barbour | Byrd | Coolidge |
| Copeland | Gore | McAdoo | Steiwer |
| Dickinson | Hale | McKellar | Thomas, Utah |
| Dieterich | Harrison | McNary | Townsend |
| Duffy | Hastings | Metcalf | Tydings |
| Fess | Kean | O'Mahoney | Van Nuys |
| Fletcher | Keyes | Patterson | Wagner |
| George | King | Reed | Walsh |
| Gibson | Lewis | Robinson, Ark. | White |
| Goldsborough | Lonergan | Smith | |

NOT VOTING—13

| | | | |
|---|---|---|---|
| Cutting | Hebert | Pittman | Trammell |
| Davis | Logan | Robinson, Ind. | Walcott |
| Glass | Murphy | Stephens | Wheeler |
| Hatfield | | | |

So Mr. LA FOLLETTE's amendment was rejected.

Mr. GORE. Mr. President, I was out of the Chamber when the roll call began, or I should have preferred at that time the request I am about to submit.

I ask unanimous consent to have printed in the RECORD at the close of the yea-and-nay vote a list showing the number of taxpayers in this country who have paid taxes on incomes exceeding $1,000,000 for each and every year since the income tax law was first enacted. Senators who are familiar with the history of our income-tax legislation will mark that when the rate went up the number of taxpayers went down, and that when the rate went down the number of taxpayers went up. I am sure Senators will read the statement with interest, because, like the geological strata of the earth, it tells an interesting story.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Number of people paying an income tax in United States on income $1,000,000 or more*

| | |
|---|---|
| 1914 | 60 |
| 1915 | 120 |
| 1916 | 206 |
| 1917 | 141 |
| 1918 | 67 |
| 1919 | 65 |
| 1920 | 33 |
| 1921 | 21 |
| 1922 | 67 |
| 1923 | 74 |
| 1924 | 75 |
| 1925 | 207 |
| 1926 | 231 |
| 1927 | 290 |
| 1928 | 511 |
| 1929 | 513 |
| 1930 | 150 |
| 1931 | 77 |
| 1932 | 20 |

## REGULATION OF THE COTTON INDUSTRY

The PRESIDING OFFICER (Mr. ASHURST in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SMITH. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMITH, Mr. BANKHEAD, and Mr. CAPPER conferees on the part of the Senate.

## PENALTY FOR PRESENTATION OF FALSE WRITTEN INSTRUMENT

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives returning to the Senate, in compliance with its request, the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry.

Mr. KING. Mr. President, as I understand, after the Senate passed this bill the House passed a bill on the same

subject, and the Senate then passed the House bill, so that the two bills crossed. I move the indefinite postponement of the Senate bill.

The motion was agreed to.

NOANK SHIPYARD, INC.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2324) for the relief of the Noank Shipyard, Inc., which were, on page 1, lines 7 and 8, to strike out "with interest at 4 percent per annum from March 1, 1928" and insert "in full settlement of all claims against the Government of the United States", and on page 2, line 5, after "contractor", to insert ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. LONERGAN. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and a joint resolution, and they were signed by the Vice President:

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 1528. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2550. An act granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.;

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

IN REPLY TO ATTACKS OF SENATOR HARRISON

Mr. LONG. Mr. President, I undertook to speak earlier in the day, and was advised by the Chair, very properly, that I did not have a right to speak on the matters to which I undertook to address myself.

Mr. President, I am very sorry that the senior Senator from Mississippi [Mr. HARRISON] has seen fit to make an attack on me here this morning. I regret very much that he saw fit to go out of his way to make personal, uncomplimentary, and, I would say, except for the parliamentary rule, almost insulting remarks, for no good reason and for no good cause. However, I must reply to the Senator from Mississippi, and I must inform the Senate and the world of some of the blows I have taken from my good friend from Mississippi, and some of the things for which I have been held responsible, for which I should not have been censured, if anybody was to be—they should have been men like the Senator from the State of Mississippi.

I have been the friend of the Senator from Mississippi, I hope. I have never said an ill word about him. He has told me that he heard once that I had said something bad about him; that I had said that I would like to see him defeated for the Senate in the State of Mississippi; that in the Chicago convention, when he had voted against seating the Roosevelt delegates, I had said I would like to see him defeated in the State of Mississippi. It is possible that I did make some such statement in the Chicago convention, but, other than that, I know of nothing I have said that would have caused the Senator from Mississippi to go to such an extent as he has gone lately, particularly this morning, in what he has undertaken to say regarding me.

Mr. President, the State of Mississippi is very much like my State. My people come from Mississippi. My father was born there, and lived there a great part of his life, and many of my people still live in that State. I expect that more of my blood kin live in Mississippi than live in the State where I live, and I love the people of Mississippi and have no intention of undertaking to say that they are not capable of managing their own affairs and electing their own officers. I think they are.

However, on yesterday, in making some remarks I stated that the leadership on this side of the Senate in the last tax fight was in consort with the leadership on the other side of the Chamber and stood for a tax program which many of us who undertook to label ourselves liberals, or progressives, were undertaking to amend.

There was not anything in that statement to which any exception could have been taken. Everybody knows it is the truth. It happened today, the same as it did then. There was no reason why the ranking Member on this side of the Chamber at that time should have taken any exception, because he does not deny it, and he knows it to be a fact. But that is the ground upon which the Senator rises here and says that there is nobody in the United States Senate who has so little influence as the Senator from Louisiana, myself.

Mr. President, I am glad to know that the Senator from Mississippi at least points himself out as a man of influence; but, to his sorrow, I would contradict that statement. I have a vote in the Senate which I can cast as I see fit. I have one vote. The people of Louisiana have a vote when I am here, and, according to the way I look upon the vote of the Senator from Mississippi, the people of Mississippi have not a vote with him here. [Laughter.] I am going to tell the Senate why I say that.

The PRESIDING OFFICER. The Senator from Louisiana will please suspend. The occupants of the galleries will kindly maintain decorum and order.

Mr. LONG. Mr. President, that is my opinion, and I am going to give the Senate my reasons for it.

First let me say, Mr. President, that I have never been other than the Senator's friend, as much as I know anything about anything. He has his ways, from which I differ. He has a peculiar way of being a friend. But we all have peculiar ways of being friends sometimes.

The Senator was a friend of James K. Vardaman, of Mississippi. I saw a written letter, about which I asked my friend, the Senator from Mississippi. It showed that he rode into the lower House of Congress by writing letters stating that he was a Vardaman man; that that was the tie that binds good men together in Mississippi; and upon that he came to the lower House of Congress. I asked the Senator from Mississippi about that one day at a lunch table and he told me that that was true. And so it was his advocacy and his pledge of being a Vardaman man that rode him into the first job that he ever had in Washington, D.C.

I was not in Mississippi at the time Vardaman ran against the Senator from Mississippi except for one day, when I crossed over the ferry at Natchez, when I was running for office myself on the other side of the river. I went over to Natchez on a Sunday to spend a day there, waiting to resume my campaign in Louisiana on the following Monday.

At that time, Mr. President, Mr. Vardaman, following the same lines that he had always followed, fought our entrance into the World War. In those days a man who had the nerve and the courage and the honor to stand out against that war, that damnable fraud against the American people, needed friends. It took a man with a heart of gold and courage of iron to stand out, and if he stood to save those young boys from the morass of murder and destruction, he had to put his life, politically speaking, in his own hands and risk it on the altar. And so Vardaman needed his friends. He needed his friends, Mr. President, because he had bearded the lion in his den. There might have been many good people who disagreed with him honestly, and there were. There might have been many of his friends who disagreed with him honestly, and there were.

The Senator from Mississippi who now sits here saw this friend, upon whose back he had ridden into office, to whom he had pledged loyalty and faithfulness until he rode himself into the lower House of Congress, and then when the man was faced with his enemies and called for friends the Senator from Mississippi announced himself as a candidate against the man on whose back he rode himself into the lower House of Congress.

Now, that is all right. That is his way of being a friend. That is all right. We have all got ways of showing our friendship to one another. That is his way.

Along about that time I had a friend, too. He was a State senator, S. J. Harper, of Winnfield. They indicted Harper because he published a book saying outside of Congress what Vardaman said in Congress, and we could not hire a lawyer to defend him. What did I do? I went and bearded the lion in his den under threat of contempt, and defended old man Harper in the United States court, and took my political life in my hands to stand by my friend. Oh, yes; I could have draped myself in the American flag, because the old man had resigned from the State senate, and I wanted to be a candidate for his job, too, but I stood by my friend and went to the bat for him and stood the torture that I had to endure.

Now, that is my way of standing by my friends. The Senator from Mississippi has another way of standing by his friends. Just the difference between people! We all have our way of working. One is just as honest as the other. One is, catch your friend in trouble, stab him in the back and drink his blood. The other is, stand by your friend and try to heal his wounds.

Mr. CLARK. Mr. President, I call the Senator from Louisiana to order under clause 2 of rule XIX.

The PRESIDING OFFICER (Mr. ASHURST in the chair). The Senator from Louisiana [Mr. LONG] must take his seat until the point is decided.

Mr. HARRISON. Mr. President, I hope the Senator from Missouri will let him proceed.

The PRESIDING OFFICER. It is not within the province of the Senator from Mississippi to make such request. The point of order has been made, and the Chair will hear the Senator from Missouri on the point.

Mr. CLARK. Mr. President, it is only necessary to read the rule to see its application. Clause 2 of rule XIX provides that—

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

Mr. President, I submit that the words just uttered by the Senator from Louisiana, imputing to the Senator from Mississippi the motive of sucking the blood of his friend, are in contravention of that rule.

Mr. LONG. Mr. President, I hope the Senate understands that I am speaking about——

The PRESIDING OFFICER. The Senator from Louisiana will pardon the Chair, but when a Senator is called to order he must sit down, and may not speak until leave is granted.

The point of order is well taken under clause 2 of rule XIX.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana will proceed in order.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, I did not know that it is necessary for the Senator to yield to me. I simply wanted to move that the Senator from Louisiana be permitted to proceed in order.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The question is on the motion of the Senator from Indiana that the Senator from Louisiana be permitted to proceed in order.

The motion was agreed to.

The PRESIDING OFFICER. The Senator from Louisiana will proceed in order.

Mr. LONG. Mr. President, I am glad that no one took any exception to the remarks that the Senator from Mississippi was making about me this morning. I did not. I thank the Senator from Mississippi for his generous attitude in the matter.

I am referring to the matter politically only, Mr. President. I am not referring to the physical fact, of course, and I hope the Chair and the Members of the Senate understand. I was referring to the fact, Mr. President, in this way, and I will explain it, because I would not for the life of me have anyone think that I would unjustly reflect upon any Member of this body. I was simply undertaking to make this parallel, Mr. President. I had a friend who was a Senator who got in trouble, because he expressed himself about the war. That friend had been a friend of mine in politics, and I had been his friend. The Senator from Mississippi had a friend, and he saw fit to take a course different from mine.

I now want to deal a little further with my friend from Mississippi. A short time ago there was a great indemnity company in the State of Louisiana, located in New Orleans, that closed its doors and went broke. It had a large number of creditors. The magazines throughout the United States printed the great big story about the Union Indemnity Co. having gone broke, and they put the picture of HUEY P. LONG right in the middle of the story to show that the Union Indemnity Co. in the town in which I lived had gone broke, leaving the impression that I was the manipulator of the Union Indemnity Co. or owed it a lot a money, or something of that kind. They left the impression evidently that I was financially involved. I had to take that. Nobody rose to my defense in the Senate. Nobody said a word in my behalf.

I did not owe the Union Indemnity Co. a copper cent. I had not borrowed a dime from them. I did not own any stock in the business at all. But the publications at that time were extolling the great and conservative qualities of the Senator from Mississippi, when they were condemning me. He did not rise to my defense, but the Union Indemnity Co. was a creditor of his. They did not break because I owed them anything. I was not one of the men who helped break that company. I did not have a thing to do with it;

not a thing on God's earth. It was not any debt of mine that caused them to break. But I had to be caricatured over the length and breadth of this country for something that I had nothing to do with, and I would have thought that my friend from Mississippi might have risen at that time, although I would not have asked him to have done so, and at least resented the fact of this kind of imputation being made against me, even though I had owed it money, which I did not at the time.

Only a short time ago, it seems, the Senator from Mississippi thought he ought to change his field of operations, which he has a right to do. He is a big man, as he says, on the floor of the Senate; he is a man with much more influence than I, and, of course, feeling that way, it is only natural he should extend his boundaries. So he extended over into the State of Louisiana and sent us a Mississippi citizen. He sent us a gentleman over there by the name of Kennedy, who had been the mayor of a town over there, and I think that town voted him out of office, notwithstanding the support of the Senator from Mississippi, in a town in which they both live. At any rate, we all lose mayors' races. I lost one myself a while back, so there is nothing to be said about that. But I did not undertake to go over and appoint the patronage in the State of Mississippi, but the Senator from Mississippi sent us one of his fellow citizens, a gentleman by the name of Kennedy. If he was going to improve upon the State of Louisiana, he at least could have sent us a man who did not leave a trail of bank notes in all the banks in the State of Mississippi that are closed up today on account of it.

He did not improve our business standing a bit by the kind of indebted statesman that he sent us from the State of Mississippi.

And again they paraded all over the papers of the State of Louisiana and all over the South, "anti-Long man appointed and sent to New Orleans." I had not opposed the Senator from Mississippi having his man in Mississippi appointed to take the job over in New Orleans. He told me that it would not have made any difference whether I had or not, but that was after the appointment was confirmed. I probably would have asked for a little inquiry if he had told me that before. But since he did not tell me before, I made no protest.

And then when it was abroad all over the country that HARRISON had sent an anti-Long man out of Mississippi to take a job over in the State of Louisiana, there it stood, and there it rested at the time. I thought that my friend might have said something about that matter, because I spoke to him about it, and made no opposition to their taking the job that was in the city of New Orleans at the time.

But now we get a little bit closer to this thing, Mr. President. I wonder if I cannot enlighten the Senate a little bit more. We go along and we develop a fraud in the Home Owners' Loan Bank in New Orleans. What is that fraud? They have got a racket down there by which they are having the appraisers appraise the property that the Government is to issue its home loans for at double the price the home owner is going to get, and they organize a corporation working in touch with those elements so that some outside source with a rigged-up partnership where someone in the home-loan organization gets half the bonds, and some building and loan gets the other half of the bonds, and the home owner is cheated out of half the money and the Government is cheated out of half the money. They have been carrying that on. I read the certificate from the bank examiner; and it was not denied in the paper; it was admitted, that that had in some cases been practiced. I am going to show the Senate by the list that is being made up that it is being generally indulged in.

I tried to understand why the Senator from Mississippi wanted to display such animus against me this morning; I ransacked my mind to find out. I looked, and I found that a gentleman by the name of Meyer Eiseman, a bankrupt of the city of New Orleans, had been made a prominent factor in the administration of the Home Owners' Loan Corporation. "Who is Mr. Meyer Eiseman?" I said to myself. "It seems to me like I might be able to place him"; and, lo and behold, I called back to my mind that Mr. Meyer Eiseman is one of the business associates of the Senator from Mississippi, and, according to what I understand from the Senator from Mississippi, the notes of Mr. Meyer Eiseman and of the Senator from Mississippi, amounting to about $15,000, form a part of the bankrupt assets of closed banks on the coast of the State of Mississippi. But Mr. Eiseman is over there in the Home Owners' Loan Corporation of Louisiana, and the rats are being killed as fast as they dare to show their heads. Yet the Senator from Mississippi gets up here and makes an attack on me, when I have sat here, Mr. President, with those kind of things going on against my people, trying to be civil, trying to be orderly, trying to be just as righteous toward him as it is possible to be, and out of a clear sailing sky he gets up with this kind of attack on me.

I was given the credit for the great bank failures occurring down around the New Orleans area, Mr. President. They gave me the credit and my name was printed in box-car letters at the top of newspapers all over the country, although the Louisiana banks stayed open until all others had closed. Yet they gave me all the credit for their finally being closed. What was the difference between me and the Senator from Mississippi? I did not owe a bank a copper cent. There was not a bank that has got its doors closed today that can say, in whole or in part, its doors are closed due to the fact that I had them lend any friend of mine any money or that I went in there and left my notes and notes of my allies in those banks. There is not one of them that can say that about me. On the contrary, Mr. President, I borrowed what money I could from the insurance company and put it into the bank and lost my money when it closed, trying to help keep the bank open.

After I have taken all this kind of slander and never opened my mouth about it, I have had today added to the condemnation that I have had on account of it, which I stood for the benefit of the community down there on the coast and through Louisiana and Mississippi—I have had added to the condemnation the voice of the Senator from Mississippi and today his friend Mr. Eiseman profits through the chicanery that is being carried on in the Home Owners' Loan Corporation. He ought to lend his help to us, instead of condemning us, and eradicate that kind of evil.

Mr. CLARK. Mr. President, I again call the Senator from Louisiana to order under clause 2 of rule XIX.

Mr. LONG. Mr. President, I should like to know why.

The PRESIDING OFFICER. Will the Senator from Missouri please elaborate on the point?

Mr. CLARK. It is perfectly obvious from the rule, which has been previously read, that the Senator from Louisiana is attempting to cast discredit upon the Senator from Mississippi. I do not think there is any question about that.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. The Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, if there is one forum of free speech left in the United States, it is the Senate of the United States; and I think the Senator from Louisiana should be permitted to proceed along the lines he has been proceeding, and for this reason: If there is one offender against the rule——

Mr. HARRISON. Mr. President, if the Senator from Indiana will permit me, I will ask unanimous consent that the Senator from Louisiana may proceed.

Mr. LONG. No; I want this point decided.

Mr. ROBINSON of Indiana. Just a moment. I want to make this statement, Mr. President.

The PRESIDING OFFICER. The motion is not debatable. The question is on the motion that the Senator from Louisiana may proceed in order.

Mr. LONG. Mr. President, a parliamentary inquiry. The Chair has not sustained the point of the Senator from Missouri, has he?

The PRESIDING OFFICER. The Chair recognized the Senator from Indiana to make a motion.

Mr. ROBINSON of Indiana. I only wanted to make one observation, that if there is one Senator who has himself violated the rule by criticizing other Members of the Senate and imputing improper motives to them, it is the Senator from Mississippi. Therefore, I move that the Senator from Louisiana be permitted to proceed in order.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Chair sustains the point of order raised by the Senator from Missouri, under clause 2 of rule XIX, which reads:

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The Chair recognizes the Senator from Indiana to make a motion.

Mr. ROBINSON of Indiana. I move that the Senator from Louisiana be permited to proceed in order.

The PRESIDING OFFICER. The question is on the motion of the Senator from Indiana.

The motion was rejected.

Mr. LONG. Mr. President, a parliamentary inquiry. I understand I cannot continue my remarks along that line. May I be recognized now to speak on the bill? [Laughter.]

The PRESIDING OFFICER. The Senator will be recognized to speak in order. The Senator from Illinois [Mr. LEWIS] rose to propound a parliamentary inquiry. The Senator will state it.

Mr. LEWIS. My inquiry is this: The Senator from Indiana made a motion that the Senator from Louisiana be permitted to proceed in order. I take the liberty to suggest that the words "in order" there correct whatever evil there might be, and that the Senator from Louisiana, if he proceeds, will then proceed on the bill. That would be in order.

The PRESIDING OFFICER. The Chair is of a like opinion, and the Senator from Louisiana will proceed in order. It is not the function of the present temporary occupant of the chair to deliver a lecture, but the rule is drastic, it is clear, and will be observed and enforced while the present temporary occupant is in the chair. The rule provides that:

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, I want to say that even though I am the first perhaps to have the rule invoked against him, maybe it will be good for us all that the rule be observed hereafter. I will have no objection to the stringent application of that rule. There is no one in this body, I suppose, who has had more personal reflections made against him than myself, but I have never invoked the rule and I never shall, so far as I know.

Now, Mr. President, speaking on the bill, I live in Louisiana, and, as I said, for a part of my life I lived in Mississippi, also in Texas, in Tennessee, and in Arkansas. I have lived in all those States. The people are very much the same line of people down there and they are affected more or less by the same situations. I conceived, Mr. President, to try to help that part of the country. Our people are poor down there. We have not very much, we have very little of anything. All that our farmers in Texas and in Louisiana and in Mississippi, in Arkansas, and in the South down there, in what we call the deep South, have done is to work hard from sun-up to sun-down; but at no time, Mr. President, have we ever been heard to cry out in exclamation of any kind or character indicating that we had lost our faith in this Government or that we desired anything other than its preservation.

Those people down there are entitled to have something done for them; they are entitled to have us come here and do something that is going to take the immense, swollen profits that have been garnered into the hands of a few people and do something for the common underdog element residing in the country down there. What have I and men of my kind been doing here? What has been done for them? What has come out of the Senate Finance Committee? What has come out of the Appropriations Committee? What has come out of the other big committees primarily vested with the responsibility of recommending something that would do one thing on God's earth for the poor farmer of the State of Mississippi, or the State of Louisiana, or the State of Texas in the way of giving them some of the profits that have been taken away from them in all the past years?

Take as an example Mississippi, one of the greatest States in this country, constituting one of the finest communities of people to be found on the civilized globe. Do you know, Mr. President, that in the State of Mississippi there is hardly any such thing with the poor people down there except a mortgaged property? That is a farming country. The people are mostly farmers who earn their bread by the sweat of their faces, and day after day, day after day, they have seen the American Congress sit and legislate, the Congress worrying about what is going to be done for the good, big business interests of the country, with the poor farmer in the State of Mississippi going further and further and further into the slough of despondency and despair.

Unless we take a stand here for such people as those who live in Louisiana and Mississippi and other places, unless we take the stand that we are going to reverse the order of our legislation for the Nation which is in a way that the country continues to slide backward and backward and backward, while we furnish the sinews for other's wealth, then the American Congress neglects the duty it owes to the people, the services of whom it is going to have to have, and the need for which it will soon find out.

As I said, I disagree with my friend from Mississippi because of the way he voted on the last amendment. He disagrees with me because of the way I voted on the amendment. We will say, without question, that he has good motives. Whether he gives me credit for the same motives, of course, is immaterial. But the poor farmer of Mississippi carries the load. It would do no good for the Senator from Mississippi and myself to argue over the possession of pureness of heart and the influence which we have in this body, but in the meantime what has been done by us, what has been done for the poor Mississippian and the poor Louisianan and the poor Texan? What has been done for him by anything that has come out of the Senate Finance Committee or the Senate Appropriations Committee? We are going to have to turn our thought to that one purpose.

Mr. President, it seems I am being invited to go to Mississippi in a campaign. I have no intention of accepting the challenge to go to Mississippi in the campaign. I have no intention of going there, because the people of Mississippi will be able to handle their own affairs, I think. That is their business. They will know what to do as well as anybody else knows what to do.

Unfortunately, I was made an issue in the last campaign there when they had a contest for Governor. The issue in the campaign was whether or not they should have a man elected Governor of Mississippi who was friendly to HUEY P. LONG and whom HUEY P. LONG was trying to get elected Governor of Mississippi. The question made by certain elements of the election of a Governor of the State of Mississippi was not based on the merits or demerits of the respective candidates, but on whether the candidate was pro-HUEY P. LONG or anti-HUEY P. LONG. Evidently the people of Mississippi were not seriously affected against the candidate whom I favored in the race, because he was elected by a monster majority, notwithstanding the fact that such able men as the Senator from Mississippi, from good and proper motives, voted for the other man. So I said I would not accept the challenge then, and why should I accept the challenge now?

Of course, pure motives guiding the Senator from Mississippi [Mr. HARRISON], and I hope guiding me, as I believe they do, I would not represent Mississippi like he represents Mississippi if I were here representing that State. That is my opinion, and he has a right to his opinion. Of course, we represent similar communities. They are affected by

the same problems and with the same interests. If I were here representing Mississippi, I would vote just like I have voted representing Louisiana: First, for the welfare of the Union; and, second, for the welfare of the section of the country from which I come. I would not vote like the Senator from Mississippi votes, but that is his business, and I am not going to try to take his prerogative away from him.

It may be that the poor people in Mississippi think we had better have the big fortunes. It may be that the poor people of Mississippi are satisfied to have all their homes mortgaged and all their farms mortgaged and all the people virtually penniless and starving in a land of plenty, while the big financial manipulators of this country wax richer and richer at the expense of the people of Mississippi, Louisiana, and that part of the country. It may be that the people of Mississippi want things conducted in that way.

There is a good argument for that idea, I admit, from people who evidently are sincere. There are many people in the country who honestly and candidly feel that the only way to have a country is to have the peasants at the bottom operating practically on the basis of living from hand to mouth, and seldom anything within reach of the hand for the mouth in hard times. There are many people who do not see that that is a bad system as long as the royal-blooded power of manipulated finance is allowed to control the American people.

If the people of Mississippi think that way about it, that is their business, and it is not my right to stand here and criticize Mississippi if the people there want somebody here to vote to keep that kind of thing in existence. They have the right to whatever they want. If they want the financial magnates of the country to own the farms and hold the mortgages and own the various properties of the people lock, stock, and barrel, then they have a right to have that done, and no man like myself has the right to go over there and tell them that they ought to try to elect somebody else to office to represent them. That is something they will have to work out for themselves. That will be their own problem.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER. The Chair inquires if the Senator from Louisiana yielded the floor?

Mr. LONG. I have.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARRISON. Mr. President, will the Senator from Iowa yield?

Mr. MURPHY. Certainly.

Mr. HARRISON. I am sure the Senator from Iowa, in view of what has gone on, will permit me to occupy the floor briefly.

Mr. MURPHY. I yield.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. HARRISON. Mr. President, it is very unfortunate that the Senate has to listen to such squabbles as have been occurring so frequently of late between the Senator from Louisiana [Mr. LONG] and other Senators. I apologize to my colleagues for occupying the floor now for a brief time to reply to the Senator from Louisiana.

I am sure Senators with whom I have served here, and for whom I have the highest regard and affection, know me well enough to disbelieve anything that might be uttered by the Senator from Louisiana that would reflect upon my integrity or upon my honor; and I am sure the people of Mississippi, who have honored me far beyond my deserts for nearly 30 years now, without on a single occasion having voiced their disapproval at the polls, will not permit such wild and rambling utterances as those of the Senator from Louisiana to influence them. I am sure the good people of the city in which I live, and the people with whom I have come in contact in a business way, know well enough that in all dealings I have ever had with my fellow men, I have tried to live up to every obligation.

I know that there is no other Senator here who would so forget the niceties of his office as to try to juggle in upon this floor the personal affairs of another Senator; and I shall pass by what the Senator said with reference to anything connecting my name with the Union Indemnity Co. by merely saying that I never had any business association with Mr. Meyer Eiseman, of whom he speaks as being in some homestead company which I knew nothing about, except that some years ago, in 1926, when many of us thought we were more prosperous than we are now, and when some of us thought we had at least made a little money in an honest way, I happened to sell to Mr. Eiseman a piece of property for a goodly sum of money. I think he still owes me some $15,000; and when he went broke the note that he gave me was probably in the Union Indemnity Co. or some other bank. So it was his note and his failure, as a result of which I never expect to collect it, that I am held up here now by a Senator in an attempt to blacken the character and public service of one who has tried to live honorably with his fellow citizens.

But be that as it may, I am not the first with whom the Senator has attempted to do that. Some of those in the galleries do not know as you and I know that it is almost a daily occurrence that the Senator makes assaults upon someone. He even brings up the name of an honorable Senator who has gone to his reward, Senator Vardaman, whom to his dying day, even though he and I clashed in political conflict, I held in the highest regard, and today I hold his memory in high respect.

I had been Senator Vardaman's political friend. I supported him in his race for governor. He made a very splendid governor. He and I differed when I came here as a Member of the House. I came here just before President Wilson was inducted into the White House. I am one of those peculiar individuals who believe that when my party is in power it is my duty to work in harness, and that when the country and my party have chosen a leader, it is my duty to follow him. So, during the 8 years that President Wilson graced the White House I followed him as I now follow my present leader in the White House.

It so happened, however, in the tragic days leading up to the war and during the war that Senator Vardaman most conscientiously and honestly differed with me as to governmental policies and as to the prosecution of the war, and the resulting conditions were such that I entered the contest with him upon that issue. There was nothing personal in the matter; and if, as the result of doing that, I am "drinking of his blood", or I am a "traitor", I plead guilty to that charge.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Missouri?

Mr. HARRISON. I yield.

Mr. CLARK. I should like to take occasion at this time to say that the son of former Senator James K. Vardaman is a constituent of mine who lives in the city of St. Louis. He was suggested for appointment as manager of the Reconstruction Finance Corporation at St. Louis. The Senator from Mississippi came to me and very urgently requested me to recommend Mr. James K. Vardaman, Jr., for that office. It so happened that I was happy to do it.

I have discussed the matter with Mr. James K. Vardaman, Jr., and he told me that while, of course, he was for his father in his contest with Senator HARRISON, he has always entertained great affection for Senator HARRISON and always regarded Senator HARRISON as essentially a friend of his father on everything except the direct political issue on which they broke.

Mr. HARRISON. I thank the Senator.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Arkansas?

Mr. HARRISON. I do.

Mr. ROBINSON of Arkansas. I hope we may proceed as soon as possible to the consideration of pending legislation.

The Senator from Mississippi served for a long time in the House of Representatives, and he has served for a long

time here. I never knew him on the floor to make a remark offensive to a fellow Senator unless it was provoked, as I think the remark that he made today was provoked, by the address of the Senator from Louisiana yesterday and today.

I did not hear all the address of the Senator from Louisiana, but I did hear enough to warrant the conclusion that he was impugning the motives and good faith of Senators who took a contrary view of the pending amendment from that which he asserted.

It is regrettable that we cannot always thrash out subjects on their merits here, recognizing the right which the rules of the Senate give us, but which we possess independently of the rules, to entertain and to express our views on public questions unrestrained and unintimidated by denunciatory expressions from others who differ with us.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes; although I have not the floor.

Mr. HARRISON. I yield to the Senator from Louisiana.

Mr. LONG. Will the Senator point out the particular statement made in my speech yesterday to which he refers? I know it was not in my speech today, because I only read from the Scriptures.

Mr. ROBINSON of Arkansas. Mr. President, the tenor of the whole speech yesterday and of the speech today, in my judgment, was to condemn and to criticize, to censure, and to question the good faith, if not the integrity, of those who did not take the position assumed by the Senator from Louisiana on the amendment under consideration.

I do not say this for the purpose of provoking controversy. I say it merely because I feel it my duty to say it. I believe that Senators here who know the Senator from Mississippi know that he is a gentleman at all times, and that if in the heat of debate he makes a statement that is provoked by statements from others, it is merely the result of that human nature which we all possess.

I hope we can get rid of the practice that has become too common here of casting suspicion upon each other's motives, of attempting to intimidate and coerce one another. If we are worthy to be Senators, if we are worthy of the confidence which we must have if we are to perform our duties to the satisfaction of the public, we must recognize that principle.

I thank the Senator from Mississippi for yielding to me.

Mr. HARRISON. Mr. President, the Senate of the United States is a great body. In all my experience here I have known personally Senators on both sides of the aisle. It has been a great pleasure, it is a source of happiness to serve with men who are gentlemen, because we know, as they are gentlemen, that they understand the niceties of things; and our present practice in that regard ought not to be different from the practice in the past.

As to Louisiana, I think next to my own State I love her people more than those of any other State. I entered college in Louisiana. I know a great many people there. They are a fine lot of people. Louisiana has given some great statesmen and warriors to this country. I suppose in all the history of the country, with the exception of the present senior Senator from Louisiana, none have come here who have found fault with everybody else. I have never known others who have fought their own administration on practically every occasion, who see no good in their colleagues, and who question their motives.

So when the Senator says what he does about me, and tries to blacken my character, I suppose I must console myself with reflecting on what he has done in the case of others. I remember that on one occasion here, when he brought grave charges against General Ansell, who could not reply, the Senator from North Carolina [Mr. BAILEY] rose and asked the Senator from Louisiana if he would claim senatorial immunity for making the statement. The Senator said he would not; and yet when General Ansell sued him in the courts he and his lawyer claimed senatorial immunity.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. Yes; I yield.

Mr. LONG. The Senator will note that I stated that that would be my course if he sued me in the courts of Louisiana, either in the Federal court or in the State court.

Mr. HARRISON. I did not hear that statement, and I do not think the RECORD will show it.

Mr. LONG. That was in the statement.

Mr. HARRISON. All right.

Mr. LONG. Now I want to ask the Senator if he does not think I at least ought to have the right to be sued at my domicile if I am going to waive that privilege—if it is an unusual thing for me to ask him to sue me at my domicile. I am not able to go all over the United States and hire lawyers.

Mr. HARRISON. Well, I think if people should sue the Senator anywhere they would have a pretty hard time getting anything out of him, because they simply could not beat him. I say that by way of paying a tribute to the Senator. Anyone who has to suffer as the Finance Committee has suffered every morning now from 10 to 12, if he had a cause of action against the Senator, would never enter it, knowing what he would have to go through.

Mr. LONG. Well, that is not so bad. Go ahead.

Mr. HARRISON. Now, Mr. President, talking about turning on people's backs, a thing happened this morning to which I desire to refer. The Senator held himself up, portrayed his own virtues, and told how true he was.

The Senate heard a speech here the other day from the Senator from Louisiana, in which he held Mr. Bradley up to public scorn. I never saw Mr. Bradley in my life until he came before the committee. The Senator from Louisiana said everything mean about Mr. Bradley that it was possible for him to say, had him brought up here from Florida to testify, and, at the close of the testimony this morning, this man who is held up to public scorn by the Senator from Louisiana swore under oath that in 1928, while he was on a visit to New Orleans, Mr. John P. Sullivan, the other gentleman held up by the Senator from Louisiana before the Senate in speech after speech, came to him and said:

> We have elected a good governor here. I helped to do it. We have a deficit. I want you to donate something for it.

Mr. Bradley testified that he contributed $5,000 to Mr. Sullivan then to help pay off the deficit of Governor LONG, now Senator LONG, who had then been elected governor. Mr. Bradley said the first time he saw the then Governor LONG was in the lobby of the Hotel Roosevelt, in New Orleans, when Mr. Sullivan said, "I want you to meet our new governor." Then it was that Senator LONG came to him and said, "I want to express my appreciation for that donation you made to us."

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LONG. The Senator has Mr. Bradley's word for that. Did he not claim immunity yesterday, under the Constitution, stating that he would incriminate himself if he answered my questions?

Mr. HARRISON. I do not want to go into that.

Mr. BARKLEY. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. Mr. Bradley did not claim immunity.

Mr. BARKLEY. The record will show that Colonel Bradley was brought here by the Senator from Louisiana, and was his witness, testifying in his behalf.

Mr. CLARK. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. CLARK. The RECORD also ought to show that when the Senator from Louisiana propounded his inquiry at least 8 or 10 members of the Finance Committee objected on their own right, as members of the committee, before Colonel Bradley made any objection whatever.

Mr. HARRISON. Mr. President, I want to say just one word or two, and then I will be through.

Mr. LONG. Mr. President, will the Senator pardon me just a moment? I hope the Senate will understand that I want a moment or two to reply to this gentleman.

Mr. HARRISON. That is all right.

The PRESIDING OFFICER. The Chair at this point wishes to admonish Senators as to the rule that when they yield twice, they yield the floor. No Senator shall speak more than twice on a question before the Senate. After he yields twice he cannot hold the floor.

Mr. BORAH. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BORAH. Who has the floor at the present time?

The PRESIDING OFFICER. The Senator from Iowa [Mr. MURPHY] has the floor.

Mr. HARRISON. I understood the Senator from Iowa had yielded to me.

Mr. MURPHY. I did yield.

Mr. HARRISON. I shall not take much more time. We are not under a limitation of debate at this time.

A few days ago there was read from the desk, at the instance of the Senator from Louisiana, what was alleged by the Senator from Louisiana to be a resolution that passed the State Senate of the State of Mississippi, and perhaps the Legislature of the State of Mississippi, endorsing his position on the distribution of wealth.

Mr. LONG. Mr. President——

Mr. HARRISON. I desire to read from the CONGRESSIONAL RECORD. I do not yield yet.

In the CONGRESSIONAL RECORD of March 21 of this year, on page 4992, I find the following:

Mr. LONG. Mr. President, I have here a resolution adopted by the Senate of the Legislature of the State of Mississippi. I read in the newspapers that this resolution had passed the senate of that State. It was sent to me this morning, and I presume it has passed the House of the Legislature of the State of Mississippi. I am going to send it to the desk, and I ask that the clerk may read it, as I was requested to put it in the RECORD by the author of the resolution. I showed the resolution to the senior Senator from Mississippi [Mr. HARRISON], who took no exception to my offering it instead of he himself doing so. Therefore I will ask the clerk to read the resolution.

The Senator did hand me a piece of paper, and I read it, and told him that I supposed he had written it on his own typewriter.

I wrote to the State legislature to find out about it, because I had received no such information as the Senator possesses. I am in receipt of a certificate, signed by the secretary of the Senate of the State of Mississippi, saying:

This is to certify that no action has been taken by the senate on senate concurrent resolution no. 30 introduced by Senator Harper, of the forty-second district and styled as follows—

And so forth.

Then it gives the resolution. I am in receipt also of a letter from the chairman of the committee to which this resolution was referred, in which he said that such a resolution was introduced by State Senator Harper, who, I may say, is now a candidate for the United States Senate against my colleague, Senator STEPHENS, but that that is as far as it has gotten, and it never has passed either body of the legislature. I will put these communications into the RECORD. That is all I desire to say.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi to place in the RECORD the papers to which he has referred?

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

MISSISSIPPI STATE SENATE,
*Jackson, March 24, 1934.*

Hon. PAT HARRISON,
*United States Senate, Washington, D.C.*

DEAR SENATOR: In looking through the CONGRESSIONAL RECORD of March 21 this morning, I note that Senator HUEY P. LONG had the clerk read into the RECORD a resolution purporting to have been passed by the Mississippi State Senate, being senate concurrent resolution no. 30.

Such a resolution was introduced on March 5 and referred to committee. No action has been taken on the resolution other than its reference to committee, and in view of this fact, I hasten to advise you of the exact status of the matter. To substantiate what I have stated, I enclose herewith a certificate from the secretary of the senate.

Permit me to take this opportunity to commend you for your splendid work in the Senate during these strenuous times.

With kindest personal regards, I am,

Sincerely yours,

W. A. BLAIR.

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MISSISSIPPI STATE SENATE,
*Jackson, March 24, 1934.*

This is to certify that no action has been taken by the senate on senate concurrent resolution no. 30, introduced by Senator Harper, of the forty-second district, and styled as follows:

"S.C.R. No. 30. A concurrent resolution memorializing Congress of the United States to put into effect the policy of Hon. Senator HUEY P. LONG pertaining to the distribution of the wealth of the United States."

The resolution was introduced and referred to the committee on rules.

R. L. BROWN,
*Secretary of the Senate.*

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. MURPHY. Mr. President, if yielding to the Senator from Louisiana will not involve loss of my right to the floor, I will yield to him.

The PRESIDING OFFICER. The present temporary occupant of the chair holds, and has always held, that no Senator may yield more than twice. If the Senator should yield this time and one other time, the Senator from Iowa would lose the floor. He can yield once more, as the Chair reads the rule.

Mr. COUZENS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. Did not the Senator from Iowa yield to the Senator from Mississippi [Mr. HARRISON], also to the Senator from Arkansas [Mr. ROBINSON], and to the Senator from Louisiana [Mr. LONG] during the one time he occupied the floor?

The PRESIDING OFFICER. Technically, that is true, but we have been following the practice of allowing a Senator to yield many times, and the Chair at this time will not enforce the rule, but will admonish the Senator from Iowa that if he yields again he will lose the floor.

Mr. COUZENS. Mr. President, I ask for a ruling as to whether or not the number of times the Senator from Iowa may yield under the rule has not been exhausted.

The PRESIDING OFFICER. Technically, that is the view of the present occupant of the chair.

Mr. COUZENS. I demand the enforcement of the rule.

Mr. CLARK. Mr. President, I claim the floor in my own right, and I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Missouri is recognized. Does he yield?

Mr. CLARK. I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Iowa may not yield in the time of another Senator. The Senator from Iowa is recognized.

Mr. LONG. Mr. President, will not the Senator from Iowa and other Senators refrain from preventing me from having 3 or 4 minutes to reply to the Senator from Mississippi? I am sure the Senate does not want to exercise any parliamentary strategy to keep me from replying.

Mr. CLARK. So far as I am concerned, I have been listening for 3 or 4 days to the Senator from Louisiana in the Finance Committee and on the floor of the Senate, and the Senator from Iowa, by the objection of the Senator from Michigan, has been deprived of his right to the floor, and, so far as I can, I am going to preserve the right of the Senator from Iowa to state a bona fide proposition having to do with the pending bill, instead of permitting the washing of dirty linen.

Mr. LONG. There is no washing of dirty linen.

Mr. CLARK. I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. LONG. Not to exceed 4 minutes. I ask the Senator to yield for not to exceed 4 minutes.

Mr. MURPHY. I regret that I cannot yield. Yielding on previous occasions to the Senator from Louisiana and other Senators cost me the floor. I should like to proceed now with the subject I have to discuss. Consequently, I very regretfully decline to yield.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. LONG. A point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The Senator from Missouri has yielded. I make the point of order that he can yield only for a question.

Mr. CLARK. Will the Senator point out the provision in the Senate rules where that is laid down?

Mr. LONG. Yes; I will.

The PRESIDING OFFICER. The Chair overrules the point of order, and the Senator from Iowa may proceed.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. MURPHY. Mr. President, the amendment I have offered to the pending bill concerns the tax on gains from the sale of capital assets. It covers section 117 of the bill.

Mr. KING. Mr. President, I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The point of order is well taken. The occupants of the gallery will maintain order. If they wish to pass out, let them do so in an orderly manner. It is their duty, under the courtesy they owe the Senate, to maintain order in the galleries, since they are visitors.

Mr. MURPHY. Mr. President, the amendment I have offered to the pending bill concerns the tax on gains from the sale of capital assets, covered in section 117 of the bill. The subject is one which is difficult of understanding by a layman, but my effort will be to clarify it sufficiently for understanding.

A capital asset is defined as real or personal property—real estate, timber and oil lands, mines, and stocks and bonds—not constituting a part of the taxpayer's stock in trade, or inventory.

The amendment does not concern the income from ownership of an asset but the profit realized from the sale of the asset.

From the incidence of income taxes in 1913 to the effective date of the Revenue Act of 1921, passed when Mr. Harding had become President of the United States and Mr. Mellon Secretary of the Treasury, gains from the sale of capital assets were taxed like other profits and income. No distinction was made. All gains and income were viewed alike.

But with the advent of Mr. Harding and Mr. Mellon, preferential treatment was given gains from the sale of capital assets. The act of 1921 decreed a tax of only 12½ percent on the gain from the sale of a capital asset held 2 years or more.

This provision did not benefit a taxpayer whose total income and profit in a single year did not exceed $27,000.

Now, why was that done? Why were gains from sale of capital assets treated differently from other gains and income?

Let judgment of the intent be determined by the results.

It will be a nearly complete answer to the question to state the consequences of doing it. These consequences have never before been fully stated. I am stating them here and now for the first time. They are astounding.

Beginning with 1922, when the 12½-percent rate took effect, from 70 to 88 percent of all such gains have been in incomes of $100,000 or more.

In the 5 years from 1925 to 1929 there were 1,752 individual tax returns showing incomes of $1,000,000 or more. The total income disclosed in those returns was $3,838,000,000, and of this total, $2,137,000,000, or nearly 56 percent, was from capital gains and received the benefit of the 12½-percent rate. Of income amounting to $2,364,000,000 disclosed in returns showing individual incomes from $500,000 to $1,000,000, a total of $1,013,000,000, or close to 43 percent, was from capital gains. Of income amounting to $2,403,000,000 disclosed in returns showing individual incomes from $300,000 to $500,000 capital gains totaled $897,000,000, or over 37 percent, and of income amounting to $7,748,000,000 disclosed in returns showing individual incomes from $100,000 to $300,000, capital gains totaled $2,000,000,000, or nearly 26 percent.

In 1929, when the orgy of speculation reached its peak, the proportion of capital gains to total income among the very wealthy became even greater. Of $4,368,000,000 received in that year by persons reporting individual incomes of $100,000 or more, $2,060,000,000, or more than 47 percent, was from capital gains. Because of the relief provision, these taxpayers—14,816 of them—paid 12½ percent on their capital gains, whereas most of them would otherwise have paid 24 percent—20-percent surtax and 4-percent normal tax. They thus escaped nearly one half the tax they would otherwise have paid on nearly one half of their total incomes.

Of these persons, 513 reported individual incomes of $1,000,000 or more. Their total incomes amounted to $1,212,000,000, of which sum $760,000,000, or nearly 63 percent, was derived from capital gains. Thirty-eight persons reported individual incomes of $5,000,000 or more. Their total incomes amounted to $360,000,000, of which $268,000,000, or more than 74 percent, was capital gains. For these 38 persons the capital-gains relief provision almost halved the tax on nearly three fourths of their total incomes.

The total of capital gains reported by all taxpayers in the 5 years 1925 to 1929 was $7,137,000,000. Of this total, $6,048,000,000 was reported by taxpayers having individual incomes of $100,000 or more. According to the best estimate that can be made from the published figures, the capital-gain provision reduced the tax on that $6,048,000,000 of capital gain by more than $750,000,000. It is fair to assert that at least $600,000,000 of this reduction was not warranted by any just claim on the taxpayer's part.

For the 10 years from 1922 to 1931, inclusive, it is a safe estimate that the tax relief granted by means of the capital-gains provision was not less than $1,000,000,000, enough to pay the mortgage debt on every farm in Iowa, and more than enough to pay all war pensions for an entire year.

I have stated the consequences, and stating them have stated in largest part the reason for the 12½-percent capital-gains tax provision.

I shall state now—and return immediately to discussion of this phase of the subject—that the pending bill ends the 12½-percent tax. But, with repetition of the conditions obtaining from 1925 to 1929, this bill will make a present of $1,000,000,000 to taxpayers having incomes of $100,000 or more. To head that off and render it impossible is the purpose of the pending amendment.

There were specious and plausible arguments advanced in support of the 12½-percent provision. A plausible argument was that the gain which a taxpayer realized from the sale of a capital asset did not originate in any 1 year but was spread over the years of possession; and that to tax in 1 year the gain which accrued over several years was wrong and worked hardship. Therefore, it was argued, relief ought to be accorded taxpayers having gains from the sale of capital assets. That relief, as written into the 1921 act and carried forward to this day, took the form, as I have said previously, of forgiveness of one half to four fifths of the tax that otherwise would be paid by men of very large incomes. There was no rule by which the 12½-percent tax was arrived at; no mathematics that justified it. The highest tax imposed on other forms of income during 1925–29 was 25 percent, so that 12½-percent tax on capital gains was an adroit means of circumventing surtaxes. The relief, as I have shown, was substantial. Into the tin cups of the taxpayers with incomes exceeding $100,000—poor fellows whose circumstances excited pity and who bled and suffered

from the hardships imposed by the revenue laws of the Democratic administration—into the tin cups of those citizens Congress, the genius of Andrew Mellon guiding it, poured $750,000,000 in 5 years.

It occurs to me that the term "capital gains" obscures understanding by the common man of what is involved. I have given the definition contained in the law. Let us analyze the character of such gains. Generally speaking, they are nothing more or less than the profits of stock-market speculation and speculation in land and the treasures of the earth, but most largely from stock-market speculation. Being that, they add nothing directly to the national wealth and are therefore less worthy of encouragement than productive business activity. Because of their special and occasional character they are not ordinarily depended on by the taxpayer to meet his customary expenses. Consequently they increase his ability to contribute to the support of government more, perhaps, than any other kind of income.

Mr. LONG. Mr. President, will the Senator yield for a moment until I propound to him a question?

Mr. MURPHY. I will yield only for a question.

The PRESIDING OFFICER. The Senator from Iowa yields for a question only.

Mr. LONG. I wonder if the Senator would not let me call for a quorum, and then allow me to have just about 4 minutes, because after that time I will gladly yield the floor back to the Senator? There are not a great many Senators present, and I want more of them to come here.

Mr. MURPHY. To hear the Senator's 4-minute speech?

Mr. LONG. No; but I believe the Senator from Iowa can hold them here.

Mr. MURPHY. I think the Chair has ruled that I have not the right to yield.

Mr. LONG. I inquire if the Chair has so ruled?

The PRESIDING OFFICER. The Senate fortunately has a definite way of deciding a matter for itself.

If the Chair be wrong, the Senate may overrule the Chair. The present occupant of the chair is, and ever has been, of the opinion that if a Senator, more than twice, upon any one question, yields for more than a mere question propounded to him, and some other Senator then makes the point the Senator loses the floor; but, of course, if the point is not made the Chair is not going to invoke the rule, and the Senator may yield without losing the floor.

With that understanding, does the Senator from Iowa wish to yield to enable the Senator from Louisiana to call for a quorum or for any other purpose?

Mr. MURPHY. I am in the course of a speech, and I should very much prefer to finish it, if the Senator please.

The PRESIDING OFFICER. The Senator from Iowa declines to yield at this juncture.

Mr. LONG. Very well.

Mr. MURPHY. Mr. President, because capital gains add nothing to the national wealth they deserve no special consideration. The tax on such gains is a tax on unearned income, and unearned income is not entitled to special consideration. A method of taxation that in 5 years gave $750,000,000 to persons filing 61,057 tax returns—possibly the same persons in each of the 5 years, or 20,000 persons at most—is undeniably a method that accords special privilege to the few.

Although this concession to wealthy taxpayers was expressly granted with respect to speculative profits only, it was actually extended, by manipulation, to much of the income that should have been taxed as dividends. This form of manipulation is unquestionably responsible for a large part of the flood of stock dividends that were issued during the boom period of the last decade. Stock dividends are not taxable when received, and if the stock is held by the taxpayer for 2 years and then sold, he gets the benefit of the 12½-percent rate, instead of paying the regular surtax rates that cash dividends would have borne. No man can say how much tax was avoided in this fashion, but the amount was undoubtedly very large. In 1922, the first year of the capital-gains tax, the amount of stock dividends was extraordinarily large, totaling more than $3,000,000,000. Two years later, in 1924, when profits on the sale of stocks received as dividends would first get the benefit of the 12½-percent rate, the amount of capital gains increased very sharply. Many of the reorganizations that were so common in those years were also engineered so that the participants would get the benefit of the 12½-percent rate on income that would otherwise have borne higher taxes.

Mr. President, we come now to the pending bill.

Decision must now be made whether the Mellon principle of the last few years shall be followed or we shall return to the Democratic plan of the preceding 8 years, making such modifications in the latter as experience with it suggests.

To clear up any misunderstanding in the minds of Senators, the act under which that scandal arose—for it was a scandalous thing to add, at the public expense, so many hundreds of millions to fortunes already vast—that act, I say, is changed radically in the pending bill. The bill discards the flat 12½-percent tax on capital gains, and that is a great step forward. It retains the principle of relief but extends the relief to all taxpayers. It provides as to every taxpayer that if he has held the asset yielding the gain for more than 1 year but not more than 2 years, 20 percent of the gain shall be forgiven him—he will pay no tax on that part of the gain. If the asset has been held for more than 2 years but not more than 5 years, 40 percent of the gain shall be forgiven him. If the asset has been held more than 5 years but not more than 10 years, 60 percent of the gain shall be forgiven him. If the asset has been held more than 10 years, under an amendment added by the Finance Committee, 70 percent of the gain shall be forgiven him. If the asset has been held only 1 year, there is no relief. In all cases, so much of the gain as is subject to tax is taxed like other income. The reduction in tax is in no case less, in terms of percent, than the reduction in income subject to tax. In some cases it is substantially greater, owing to the fact that the tax rates rise as the income increases.

I freely concede that the capital-gains provision in the pending bill is an improvement over the existing law. As compared with that law, it would reduce by nearly one half the total amount of relief granted. It would distribute the remainder more equitably as between large incomes and small, and as between assets held a number of years before sale and assets held barely 2 years. In my judgment, however, the new provision is still much too liberal, especially to taxpayers having very large incomes. My criticism is that the bill carries the relief too far; that it extends relief in many cases where no relief is justified and that it grants too much relief in substantially all cases. Like the earlier capital-gains provisions, it benefits chiefly persons of very large incomes who have no just claim to any relief. Like the earlier provisions, it extends a full measure of relief to the taxpayer who realizes capital gains year after year, in a steady stream.

I have expressed my belief that it is a safe estimate that if we should experience another stock-market boom like that of 1925 to 1929 the unjustified relief granted by this bill on gains from the sale of capital assets would reach a total as high as $1,000,000,000. Conceding that that day is far off, if we should experience a boom of half its volume the unjustified tax relief would be something like half of $1,000,000,000.

This bill is supposed to provide large additional revenues for emergency need. But in section 117 it defeats the very end sought by guaranteeing taxpayers lower taxes if they will hold off sale of capital assets. If the taxpayer shall not sell for more than 10 years, in consideration of that his tax on the gain will be reduced by 70 to 89 percent; if he holds off 5 years, his tax on the gain will be reduced by 60 to 81 percent; if he holds off selling for 2 years up to 5, the reduction of tax will be 20 to 33 percent. This bill cries out encouragement to him not to sell now and rewards him for holding off sale. The longer he holds off up to 10 years the longer will the Treasury be denied taxes, and the less

the Treasury will get when sale is finally made. That, to my mind, marks section 117 as ridiculous in a bill to provide emergency revenue.

At a time when the effort is to discourage speculation, the bill puts a premium on speculation for the long pull. It offers a subsidy to such speculation. That, I submit, is not the way to prosperity. If tax favors are to be granted, let them be granted to the producers and not the speculators. In order to remedy the defects of section 117 of the bill it is not necessary to return, completely and unqualifiedly, to the plan in effect before 1922. That plan imposed a heavy burden on the occasional persons of moderate incomes who realized, perhaps once in a lifetime, a capital gain of large amount. The policy of giving adequate relief to such taxpayers can be adhered to without bestowing gratuities of hundreds of millions on the undeserving. The House subcommittee on tax revision, in presenting the plan embodied in this bill, stated admirably the principle on which relief might properly be based. It said:

> The tax on a capital gain should approximate the tax which would have been paid if the gain had been realized in equal annual amounts over the period for which the asset was held.

The Secretary of the Treasury has endorsed that principle. It seems fair and reasonable. Why should we not carry it out in this bill? Section 117, as now drawn, will not do so. The pending amendment will.

The amendment accepts the principle that in some cases relief from taxes arising from capital net gains is justified.

A man may own a capital asset, say a growing tract of timber, which has increased in value every year. When he sells that asset and realizes a gain, the tax on the gain arises in the year of sale, so that he is taxed all in 1 year on gains arising over several years, the number of years he has held the property.

I concede the contention that to do that, to tax him that way, to tax in 1 year gains arising over several years, is inequitable, and my amendment avoids doing that.

The purpose to avoid injustice is the sole justification for any relief provision with respect to capital gains, and the relief afforded should not extend beyond the point where that purpose is accomplished.

One objection to the pending bill is that it extends special relief to all capital gains whether or not they are unusual in amount or occurrence. It does not inquire whether relief is fairly due. It assumes that it is due.

The amendment does justice, following out the committee principle, to the taxpayer having an exceptional capital gain—something that happens to him once in 5 years, and happening then maybe the first time it ever happened.

What about the taxpayer who has, not 1 such capital gain in 5 years but 2, or 3, or 5 such gains? Not 2, or 3, or 5 in 5 years, but 2 or 3 or 5 every year? What about him? What about the taxpayer a large part of whose income every year represents gain from the sale of capital assets? What just claim for relief has he?

The pending bill says he is entitled to a measure of relief equal to that afforded the taxpayer who had only one such gain in several years.

My amendment denies that. My amendment says that the relief shall depend on the frequency of such gains and their amount considered in relation to the taxpayer's other income.

My amendment asks, Is this an extraordinary gain? If it is, relief properly should be accorded; if it is not, there is no just basis for relief.

So my amendment looks at the capital gains for the current year—the taxable year. Then it looks at the capital gains for the preceding 4 years to determine their frequency and if they are unusual in amount. It strikes an average of the capital gains for each of 4 years, and with this as the measure ascertains if the gain for the current year is greater than the average. If it is greater, then relief is extended to the excess and no further. That is as far as relief should go.

My amendment first inquires how long the asset sold has been owned, and, having ascertained that, proceeds with this method of computation:

First. There is computed the tax on the income from usual and ordinary sources—salaries, fees, rents, interest, dividends, and so forth. That done, if the property sold has been owned 2 years, one half the profit is added to the other income and another computation of the tax is made. The difference between the two computations is the increased tax arising from one half the capital gain. This difference is multiplied by 2 and the product is the total tax arising from the capital gain. Added to the other tax, that on usual and ordinary income, the total tax is known.

Now, if the asset sold has been held 3 years, one third the profit is added to other income and the difference multiplied by 3; if 4 years, one fourth and the multiple of 4 is used; if 5 years or longer, by one fifth and the multiple of 5 is used.

It will help to understanding of this to use a simple illustration. Suppose a married man with no dependents and no other income realized a gain of $100,000 on the sale of property he has held 5 years. If we took the position that he was not entitled to any relief, he would have to pay a tax of $30,358 at the rates prescribed in this bill. Under the provisions of this bill he would be forgiven 60 percent of this profit, and consequently would be taxed on only 40 percent of his gain, or $40,000, and his tax would be $5,743.

The tax computed under my amendment would follow this method: One fifth of the income is $20,000. The tax on that is $1,498. The property having been held 5 years, the amount is multiplied by five, making this tax $7,490. If he held it only 2 years, the tax would be under this bill $12,003, and under my amendment $17,266.

I am not going to burden the Senate with a discussion of the detail of computation. It would be impossible to follow an oral statement of it. I therefore ask unanimous consent to insert in the RECORD, at this point in my address, a statement and computations expressing the effect of this amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

> Ordinary income of $100,000. Tax on this under the bill, $30,358. Capital gain of $250,000 on asset held over 5 years. If no relief provision whatsoever, tax would be $174,233. Under the bill, 60 percent of the profit would be forgiven, so that the tax would be on $100,000 plus ordinary income of $100,000. Total, $200,000. Tax, $86,783.
>
> Under the amendment there is first the ordinary income of $100,000, the tax on which is $30,358. To this income of $100,000 must be added one fifth of $250,000, or $50,000. Total, $150,000. Tax, $58,308. Additional tax on one fifth of capital gain, $27,950. On five fifths it is five times $27,950, or $139,750. Adding the tax on the ordinary income of $100,000, amounting to $30,358, gives a total tax of $170,108.
>
> Note that $27,950 is exactly equal to 55.9 percent of one fifth of the profit ($50,000), and the total tax of $139,750 is the same percentage of the total capital gain.

Mr. DUFFY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. MURPHY. I yield to the Senator from Wisconsin.

Mr. DUFFY. Can the Senator enlighten me as to the question I am about to ask? I understand that the House committee which investigated the tax situation had a table compiled which showed that in the high-tax years, with possibly one exception, there was a great preponderance of taking of losses; in other words, the tendency was all that way; while in the low-tax years the direct opposite was the case, with the possible exception of 1 or 2 years. I wonder how that table bears out the argument the Senator is making in favor of his amendment.

Mr. MURPHY. Mr. President, I am glad the Senator asked that question, and I thank him for the observation.

The statistics that are offered in support of the argument that high taxes check profit taking and low taxes encourage it are as weak and unconvincing as the argument itself. The figures have been both distorted and misinterpreted.

In the first place, the classification of the years is faulty. If we consider the rates at which taxes were actually collected on large incomes, in which most capital gains are found, 1924, which is classed as a low-tax year, had higher

rates than 1923, which is classed as a high-tax year. On the other hand, if we ignore retroactive changes and consider the rates prescribed by the law which was actually on the statute books during each year, we find that both 1924 and 1925, which are classed as low-tax years, had a higher average rate on large incomes than 1918, which is classed as a high-tax year. Moreover, 1922 and 1923, classed as high-tax years, were actually low-tax years for capital gains on property held 2 years or more. The 12½-percent rate was in effect during both years; but, nevertheless, both years had an excess of capital losses over capital gains, and the gains were lower, in proportion to losses, than they had been in 1919 and 1920, when income-tax rates went up to 73 percent, and there was no relief for capital gains.

Correcting these inaccuracies in classification destroys in large part the correlation the committee claims between tax rates and capital gains. The committee's main error, however, consists in the misinterpretation of such correlation as is found. The committee makes the unsupported assumption that the changes in tax rates caused the fluctuations in capital gains. In fact, it seems more likely that for the greater part of the period under consideration the changes in capital gains and other income caused the changes in tax rates. During the entire decade from 1920 to 1930 the Treasury Department and the Congress were continuously subjected to intense pressure aimed at the reduction of income-tax rates. The United States Chamber of Commerce, backed by substantially all the business interests of the country, conducted year after year a systematic campaign for lower taxes. It became difficult for the Treasury and the Congress to resist that pressure sufficiently to insure adequate revenues to meet the needs of the Government.

During that period revenue requirements were not substantially increasing. Every increase in the total amount of taxable income therefore afforded an opportunity to reduce tax rates and still provide the money needed for the support of the Government. Under the circumstances it was inevitable that the opportunity should be promptly seized.

Two of the three substantial tax reductions of this period were made retroactively, after the income on which they were based had been earned. After the close of 1923 a reduction of 25 percent was made in the taxes for that year, and the Revenue Act of 1924 merely continued approximately the same reduction for the following year. After the close of 1925 the tax rates for that year were again lowered by about 25 percent, and the revenue acts of 1926 to 1928 merely continued that reduction. Again, after the close of 1929, a reduction was made in the tax rates for that year, but it was not continued, owing to the rapid shrinking of the national income in 1930. Only once during the decade were tax rates reduced in advance. That was the reduction that took effect on January 1, 1922, when the 12½-percent rate was established for capital gains.

It must be clear to everyone who reviews the income-tax history of that decade that the amount of income realized actually controlled the tax rates. The increase in capital gains from a net loss of one billion three hundred and seventy million in 1921 to a net gain of four billion five hundred and ninety-five million in 1928 helped greatly to make the tax reductions possible. An increase in other kinds of income, arising from the same causes, did the rest.

I shall try to make it equally clear that during the same period the tax rate had no perceptible effect on the realization of capital gains. So far as the statistics show, the amount of gains and losses realized depended entirely on the fluctuations in the prices of the property sold, and on nothing else. To make that plain, I have had a chart prepared showing the amount of capital gains reported in income returns from 1917 to 1931. The chart also shows the changes in the Standard Statistics Co.'s index of stock prices for those years. The solid black line shows the changes in capital gains—whether held more or less than 2 years—in billions of dollars. The solid red line shows the fluctuations in the annual average price of 404 listed stocks—rails, industrials, and utilities—the 1926 average being taken as 100, and the averages for the other years being stated in percentages of the 1926 average. So far as I can ascertain, this is the best of the published stock-price indexes. For capital gains, 4 inches in height represents a billion dollars. For stock prices, 3 inches in height represents 10 percent of the 1926 average.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. MURPHY. I yield.

Mr. KING. Is there any relation between those 404 listed stocks and the unlisted stocks with respect to their prices and the fluctuations in their values in the market?

Mr. MURPHY. I may say to the Senator that I am advised that the Standard Statistics Co.'s index did not take into account any unlisted stocks.

The remarkable agreement between these two movements is apparent at a glance. When stock prices went up, capital gains went up. When stock prices went down, capital gains went down. When the change in stock prices was large, the change in capital gains was also large.

It is worth while also to look at the separate figures for gains on the sale of property held 2 years or more and for gains on the sale of property held less than 2 years. Unfortunately, no figures as to the net gains of those classes are available for any year prior to 1924, but beginning with that year the long-term gains are shown by the broken black line with the long dashes, and the short-term gains are shown by the broken black line with the short dashes. The two lines start about together in 1924, but from that time until 1928, short-term gains increased faster than long-term gains, although the average tax rate paid on short-term gains by persons having incomes of $100,000 or more was from 40 to 125 percent higher than the tax rate on long-term gains. In this case, at least, the effect claimed by the House subcommittee seems to have been completely reversed.

To complete the picture, the tax rates for the various years have also been plotted on the chart. To do this it was necessary to determine average rates, for the entire rate schedule could not be plotted. Since 70 to 88 percent of the capital gains on assets held 2 years or more were concentrated in incomes of $100,000 or more, the average effective rate on such incomes was adopted as the most significant figure. This rate is shown by the solid violet line on the chart. Since the transactions in any year are not affected by laws enacted after the close of the year, all retroactive changes in rates have been ignored, and each change has been shown as of the date when the law making it was enacted.

Beginning with 1922, the effective rate on profits from the sale of property held 2 years or more has been shown by a broken violet line with long dashes, and the effective rate for profits from the sale of property held less than 2 years, when included in incomes of $100,000 or more, has been shown by a broken violet line with short dashes.

The chart shows that the earlier part of the period 1917 to 1921 was marked, in general, by high tax rates and low capital gains and that the later part of the period was marked by low taxes and high capital gains. It gives no support, however, to the inference of the House subcommittee that the changes in tax rates were the cause of the changes in gains and losses. There is no such close agreement between the two as we find between stock prices and capital gains. I have already pointed out that the figures with respect to long-term and short-term gains seem to contradict the subcommittee's inference flatly. It is also notable that during the continuance of the level 12½-percent rate, the total amount of capital gains rose from a net loss of one billion three hundred and seventy million to a net gain of four billion five hundred and ninety-five million and fell again to a net loss of seven hundred and eighty-four million. The greater part of this tremendous change took place, moreover, under a constant tax rate for short-term gains also.

In the years 1917 to 1920 the situation was somewhat different from the situation in 1921 to 1929. The high tax rates in the earlier years were not due primarily to a re-

duced national income but rather to the extraordinary revenue requirements incident to the war. Conditions growing out of the war were also responsible for the decline in security values during those years, and so, indirectly, for the reduction in capital gains. The work of the War Industries Board and the War Labor Board in holding prices down and keeping wages up; the very heavy profits taxes, reducing the amount of corporate earnings available for dividends, the competition of the Government, through the Liberty Loan drives, for all available investment funds, the resulting high interest rates—all these things tended to keep security prices down, despite the fact that those years were times of considerable prosperity for the great mass of the population.

The Standard Statistics Co.'s index of stock prices does not go back of 1918. For earlier years the best stock-price index is probably the Dow-Jones index for industrial stocks. It shows that such stocks reached a high point in 1916; declined in 1917 and again in 1918, recovered in 1919, passing the 1916 mark, and declined again in 1920 and 1921. They did not substantially pass the 1916 level until 1924. These movements correspond closely with the movements of realized capital gains and losses, as shown in black on the chart. However, a better index for our purposes is furnished by Dr. Willford I. King's estimate—in his study of the national income—of the total value of all outstanding common stocks, preferred stocks, and bonds of certain industries at the end of each year from 1916 to 1922. This estimate covers substantially all stocks and bonds of industrial, railroad, and public-utility companies. It has been adjusted to eliminate the effect of new issues and retirements. It is shown by the triple red line at the bottom of the chart. As will be seen, it rises less sharply in 1919 and 1922 than the Standard stock-price index, doubtless because of the inclusion of bonds and preferred stocks, which were continuously depressed during this period by the high interest rates that resulted from the war.

It will be seen that this line agrees very closely with the black line showing the net capital gains and losses realized from 1917 to 1922. Gains went down when security values went down; gains went up when security values went up. During the whole period security values were depressed. Therefore during the whole period losses exceeded gains.

STOCK DIVIDENDS

It is worthy of note that capital gains showed an exceptionally sharp upward movement, as compared with stock prices, in 1924–25. This sharp advance took place 2 years after a great distribution of more than $3,000,000,000 of stock dividends in 1922, following the adoption of the 12½-percent rate. It suggests the magnitude of the tax evasion accomplished in this way.

This chart makes it unmistakably plain that tax rates have not had any appreciable effect on the realization of capital gains. There have doubtless been isolated cases in which sales have been deferred because of high taxes, but these cases have not seriously affected the general trend. In the face of this showing, it is nothing less than absurd to contend that the reduced tax rates provided by this bill would double the amount of profits taken. Yet they would have to do that in order to offset the reduction in rates and prevent loss of revenue. They would have to do more in order to increase the revenues.

The belief that the Government cannot collect taxes on capital gains as on other income is wholly unjustified by experience. It is due partly to inadequate, superficial study of the evidence. But I am constrained to believe that it is due much more to the deliberate effort of taxpayers of great wealth to escape high taxation on the larger part of their incomes—on the part that in most cases has formed the foundation of their fortunes.

As one Senator sitting on this side of the Chamber, where was drawn the first of the income-tax laws, and where was written into law the principle that gains from sale of capital assets shall be taxed like other income, I do not purpose to sit here mute and idle while that principle is rejected and there is written into law the undemocratic principle of special privilege to a particular class of taxpayers, and that class least of all entitled to preferential treatment.

There have been times when those in places of power in this Republic have delighted to heap favors on the very wealthy at the expense of the great mass of the people. Sometimes it has seemed that their leading aim has been the further concentration of wealth and power in the hands of a favored few. But those have not been times when the Democratic Party was in power. With the election of a Democratic President and a Democratic Congress we left those times and broke away from that philosophy. We have entered on a new era and started a new deal. We have announced a policy of building up the incomes of the farmers and the laboring men. We have come to see that the Nation's prosperity depends on the purchasing power of those masses rather than on the investing power of the very wealthy few. What, then, can justify us in adopting a measure like the one now under consideration, which halves the tax, and so doubles the profits, of the wealthy speculators at the expense of the farmers, the laboring men, the merchants, the manufacturers, and the conservative investors of the country?

Mr. President, I feel that my honored colleagues on the Finance Committee have been misled in their acceptance of section 117 of this bill. The many other weighty matters demanding their attention have prevented them from delving into the details of this intricate question. In no other way can I explain their approval of a provision that continues so many of the bad features of the vicious tax policy of the last three administrations. I hope that after a full consideration of the facts they will join in rejecting that policy decisively and finally. I ask their approval, and that of the Senate as a whole, to the substitute I have offered to section 117.

I thank the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had concurred in Senate Concurrent Resolution 12, as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (S. 2729) entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", be rescinded, and that in the reenrollment of such bill the last proviso of section 1 reading as follows: "*Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917", be stricken out.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2324. An act for the relief of the Noank Shipyard, Inc.; and

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes.

INTERNAL-REVENUE TAXATION—ADDITIONAL AMENDMENT

Mr. GORE submitted an amendment intended to be proposed by him to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

HOUSE BILL REFERRED

The bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, was read twice by its title and referred to the Committee on Finance.

PERSONAL EXPLANATION

Mr. LONG. Mr. President, I wish to make some remarks, but before I begin I suggest the absence of a quorum and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

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|---|---|---|---|
| Adams | Costigan | Kean | Reed |
| Ashurst | Couzens | Keyes | Reynolds |
| Austin | Davis | King | Robinson, Ark. |
| Bachman | Dickinson | La Follette | Robinson, Ind. |
| Bailey | Dieterich | Lewis | Russell |
| Bankhead | Dill | Logan | Schall |
| Barbour | Duffy | Lonergan | Sheppard |
| Barkley | Erickson | Long | Shipstead |
| Black | Fess | McAdoo | Smith |
| Bone | Fletcher | McCarran | Steiwer |
| Borah | Frazier | McGill | Thomas, Okla. |
| Brown | George | McKellar | Thomas, Utah |
| Bulkley | Gibson | McNary | Thompson |
| Bulow | Glass | Metcalf | Townsend |
| Byrd | Goldsborough | Murphy | Tydings |
| Byrnes | Gore | Neely | Vandenberg |
| Capper | Hale | Norbeck | Van Nuys |
| Caraway | Harrison | Norris | Wagner |
| Carey | Hastings | Nye | Walsh |
| Clark | Hatch | O'Mahoney | White |
| Connally | Hayden | Overton | |
| Coolidge | Hebert | Patterson | |
| Copeland | Johnson | Pope | |

Mr. LEWIS. Mr. President, I desire to announce that the Senator from Mississippi [Mr. STEPHENS] and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

I desire to announce also that the Senator from Montana [Mr. WHEELER] is absent from the Senate because of a severe cold.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. LONG. Mr. President, I hope I may have the attention of the Senate for just a few minutes. The Senator from Mississippi [Mr. HARRISON] has not been interrupted in the course of his remarks, under the rule of the Senate which forbids any reflection upon a Senator, and in the course of his reflections upon me I am glad to say there has been no effort to apply strictly subdivision 2 of rule XIX, as was done when I had the floor.

However, when the Senator from Mississippi [Mr. HARRISON] had the floor he gave as his authority and accepted as his authority one E. R. Bradley's unsupported statement. I am going to show what kind of support it is for the charge which the Senator made against me on the floor of the Senate that $5,000 had been paid to a man by the name of Sullivan to help clear up a deficit in the campaign in which I was interested when I ran for Governor in the year 1928. I want to show what was within the knowledge of the Senator from Mississippi [Mr. HARRISON] at the time he made that charge. I want to show what the Senator from Mississippi [Mr. HARRISON] knew when he made that statement on the floor of the Senate. I want to show who the Senator from Mississippi [Mr. HARRISON] has for his spiritual support for the charge he has made here on the floor of the Senate and heralded to the world. He said that Bradley did not claim immunity, I believe, and as I understood him to say here on the floor of the Senate. Let us see. Here is the question:

Senator LONG. What is your business?

Mr. BRADLEY. I am a speculator. I breed horses and race horses, and gamble.

Senator LONG. Do you run a gambling house in Florida? I will put it that way.

Mr. BRADLEY. I told you that I gamble. When you specify a place, I stand on my constitutional rights.

Mr. LAMBERT.—

That was his lawyer.

We object to that.

The CHAIRMAN.—

Being the Senator from Mississippi [Mr. HARRISON] in question. Said the said Senator from Mississippi, presiding:

Of course, I do not know how the committee feels about it, but I do not feel that any witness is compelled to incriminate himself on any proposition.

Mr. CLARK. Mr. President——

Mr. LONG. I do not yield to the Senator from Missouri. I hold the floor this time.

Mr. CLARK. The Senator is well advised. [Laughter.]

Mr. LONG. I have had experience before. The Senator from Missouri was one of the gentlemen who had some part in preventing me taking the floor a little while ago. I feel about him like the man felt who was about to be hanged. The sheriff took him out to the platform and said, "You have 15 minutes to speak to the crowd and you can say anything to them you want to." The condemned man said, "I do not believe I want to say anything." About that time a gentleman back in the crowd said, "Mr. Sheriff, if he does not wish to consume his 15 minutes, I am a candidate for the United States Senate, and I should like to know if he would yield his time to me." The condemned man said, "I have no objection, Mr. Sheriff, to yielding my time to him, but if it is just the same to you I should like you to hang me first, because I have seen that bird before." [Laughter.]

I have had some experience this afternoon with my friend from Missouri and I came out second best, so I do not care to get into a colloquy with him again in connection with this matter.

Mr. President, that was not the only thing to be said to the credit of my friend the Senator from Mississippi [Mr. HARRISON] and his good motives, that he brought here, as his cornerstone and sole support for this charge that he has hurled, a witness for whom he interposed a sustaining ruling that he could not be made to incriminate himself. This man who, in the words of the chairman of the committee [Mr. HARRISON], would have been a criminal had he opened his mouth, is the authority of the Senator from Mississippi [Mr. HARRISON] for hurling an otherwise unsupported charge against a United States Senator, a former Governor of a State, and his friend.

Mr. President, just one more thing. Have I said anything that the Senator from Mississippi [Mr. HARRISON] has disputed as being true? Not a word that I said on the floor of the Senate is disputed as to its truth by the Senator from Mississippi. Not a word that I said here is disputed. He deplores the fact that I mentioned that a Mr. Meyer Eiseman, through transactions between the two of them, owed the Union Indemnity Co. $15,000 when it went broke; and yet they published my picture and my photograph in magazines and newspapers throughout the country as being a culprit contributing to the destruction of that company, and not one word was uttered on the floor of the Senate in defense of me by my friend from Mississippi, although he was the one against whom they might have made the charge of having contributed to the insolvency of that institution by reason of being a creditor of the concern against whom they could not get judgment.

Mr. President, I am sorry the Senator [Mr. HARRISON] says he thinks anybody who would sue me would have a hard time getting any money out of me. He ought not to make that charge. The pot ought not to call the kettle black, if I am black.

Mr. President, if one man in the Senate ought not to make that charge, certainly, with our banks holding notes of my friend from Mississippi [Mr. HARRISON], he ought not to say that they could not get anything out of me, because, even though they lose every dime they ever loaned to me; and would not consider that a bad thing, even though I did owe them something that I could not pay them; but I want this to be known: I do not owe anybody—thank God!—a copper cent that I cannot pay, except men who are willing tonight to write it off the books; because, Mr. President and gentlemen of the Senate, it is publicly known that every dollar I have had to go in the hole for was spent to fight for free schools and paved roads and for the insane of the State of Louisiana. And the men who contributed to me and loaned me money, when my money ran out and I had no more, are good citizens, and they have seen the results, even though they lose every dime they ever loaned me; and there is not a single one who ever loaned anything to me that I owe anything to who is insolvent or owes anything to a bank, although it would not be against them if they did, because the best of our people are insolvent today.

Now, one thing further about a man whom the Senator from Mississippi has used as a witness:

He used as his witness this Colonel Bradley, Mr. President, who testified under oath that he gave that money, not to

me, but he gave it for a campaign of mine after I had been elected, and he says he had never seen me, had never met me, and did not know me, and did not know me from Adam; and yet he gave $5,000, he says, 6 years ago, for a man he had never met, for a man he did not know, and without any request from me, but on the request of his business "pal" in the gambling business.

Strange, was it? Oh, no; that is good evidence, according to the Senator from Mississippi [Mr. HARRISON], from a man who had to plead his constitutional rights against incriminating himself; a man who said he had never even met me, and did not know me up until that time; and then there is something else which the Senator from Mississippi did not mention which I think the Senator from Mississippi could have mentioned.

According to this man, he saw me only one time after that, and only by chance, as I passed him when I was going through the lobby of a hotel, and he says that I was introduced to him, and that I merely said to him, "Thank you for the contribution", and passed on, without stating the amount of the contribution, or anything of the kind.

Strange things further, such acts of ingratitude, that I simply passed the man when I never had seen him, and he had contributed to me without ever having seen me or known me, contributing to Sullivan? Strange things, are they, that for 5 years, according to this man's own testimony, I have denounced him in every term he was capable of being called? And you have to go pretty strong to do it. According to him, for 5 years he and his partners have said everything against me they could say, and I have said everything against them I could say, and for 5 years this man says he has never made a charge of that kind, nor has he seen or heard of where Mr. Sullivan has made that charge.

There is something else the Senator from Mississippi [Mr. HARRISON] said, after giving as his witness and as his authority a man who had to invoke the rule that he would incriminate himself if he answered, the man who had to say that for 5 years he had been my enemy, and had said everything he could think of about me, a man who made the statement that he made a contribution to a man he had never seen in his life, whom he did not even know. They gave him as a man to make the charge and then to say, "There is our testimony", a man who had admitted everything on earth that I charged on the floor of the Senate in order to make out this claim.

The Senator from Mississippi [Mr. HARRISON] said we ought not to bring up personal affairs on the floor. I did not bring up the personal affairs on this floor. I was attacked here by the Senator [Mr. HARRISON] in language and in charges that should not have been used against any Senator on this floor.

They say it was justified because of the speech I made only yesterday. I want Senators who were here on yesterday, and those who were not here, to read the speech I made, and determine for themselves what there was I said here yesterday on this floor that could give any personal offense. I simply went along stating the absolute truth, what I had said many times before, to which no one had taken any exception. I simply said that on this side and on the other side we had stood for a program that had come out of Mr. Hoover's own personal good will, and that the leaders on this side and the leaders on the other side had stood that way and voted down the liberal and progressive element, as we styled ourselves.

Everybody knows that is true. There is nobody who is going to say that is not a fact. I am not condemning the Senator from Ohio [Mr. FESS]. He asked me a few questions in regard to the matter. He was one of the Senators on the other side of the Chamber who was a Republican standpatter, who stood with the Senator from Mississippi [Mr. HARRISON] here last year.

The thing I said, and I mean what I say in absolutely the best of faith, is that it is disgusting now for the Republican Senator from Ohio or the Democratic Senator from Mississippi [Mr. HARRISON] to have a fight over the line as to who is responsible for the conditions that have come about as the result of their activity in Congress, when the Senator from Ohio and the Senator from Mississippi went arm in arm, toe to toe, cheek to cheek, knee to knee, heel to heel all through the whole congressional performances and they have no grievance or right to complain at each other.

That is not any criticism that is in any sense reflecting upon the Senators. That is my view. That is my opinion about the matter. They may be right in the stand they have taken. I do not think they are half right. I do not think they are any more right than they think I am right, and I am satisfied they do not think I am right at all. But that did not justify the statement coming this morning from the Senator from Mississippi, who rose here on the floor of the Senate and out of a clear sky took a pot shot at me and said that he wanted to say that the Senator from Louisiana had less influence in the United States Senate than any man who sat in this body.

The Senator from Mississippi has been pretty good at that kind of remarks. I am not one of the wits. I am not schooled in nor do I classify as an expert in the art of repartee. I have not had the opportunity to practice it so very much. When my good old State university was pouring out its funds, as my good friend from Mississippi [Mr. HARRISON] tells, and something of which we are very proud, and giving him the chance of a college education, I did not have that kind of a chance to get a college education. I did not have a chance to get a high-school education, Mr. President, and I am not skilled nor schooled up to the point where I am capable of making witty remarks or indulging in repartee or keeping to all the niceties of grammar with one like the Senator [Mr. HARRISON], who has had the opportunity of education in which our State university has been so fortunate as to share and for which we claim great credit and of which we are very proud.

But the Senator has to start out on somebody, and then when that somebody goes back at him like he goes at the other, then the Senator rises up and immediately draws the holy mantle of innocence about himself and says that there has been a terrible breach of etiquette committed on the floor of the Senate because that somebody said something about him.

Never touch a porcupine unless you expect to get some quills in you. That has been a good rule to follow.

Lay off of the man whom you want to lay off of you. That is a pretty safe rule to follow if you want to keep from being attacked.

Another safe rule to follow is to just let the other man alone and he is not going to bother you. But when you get up here and jump on somebody and stomp him in the ground, and then when he jumps up after having been flattened out and makes some slight protestation and defense of himself with statements that are absolute facts, which statements the Senator from Mississippi [Mr. HARRISON] does not even stop to correct to the extent of one jot or one tittle, and then he draws about himself the holy mantle of innocence and protests that that is not etiquette, I do not think that is in point.

Do not play the baby act after you roared like a lion.

I made that mistake in early life. I jumped on one or two men myself way down yonder. I jumped on a little man, who was about 5 feet 1 inch high, in a court room. He came off the witness stand and shook his finger in my face, and he was a little stripling kind of a fellow and it looked like a pretty easy job, and he had given me plenty of offense, so I just took a pass at him. And that is the last pass I took that day, or for several days. [Laughter in the galleries.]

My friend from Mississippi [Mr. HARRISON] does me an injustice which I will not do him. I will never misstate his record here. I know he does not intend to misstate my record here, but he says that I fought the administration all up and down the line and that I always went to fight my administration. Well, now, I will compare my record with that of the Senator from Mississippi on that, and see who is right and who is wrong on that question.

We can start right with the time when we met in Chicago for the Democratic convention. The Roosevelt forces had decided they were going to elect Thomas J. Walsh for

permanent chairman. I will tell the Senate that I went down the line and worked day and night to elect Tom Walsh permanent chairman, and I will leave it to the Senator from Mississippi to tell the Senate who he worked for for permanent chairman; and I will say that I went in and called the members of the Mississippi delegation into conference with me and worked with them, and fought what I understood to be the attitude of the Senator from Mississippi [Mr. HARRISON] just as hard as I knew how, in order to get that Democratic vote to stand with the Roosevelt ticket from Mississippi to elect Tom Walsh permanent chairman; and I want to tell you that we did not have any too many votes to spare.

If we had not elected Tom Walsh as permanent chairman, Franklin D. Roosevelt would not have been nominated as candidate for President of the United States, and everyone who was at that convention knows that I am telling the Senate the truth. If we had not had the chairman we could not have nominated Roosevelt there, and Goodbye, My Honey, I Am Gone would have been sung early in the day.

I went in to the Mississippi delegation, and they took a vote as to whether they stood one way or the other, and I understood—I may be in error about this, and if I am in error, I want to be corrected—that the Senator from Mississippi stood against the Roosevelt chairman, and that the side that I helped there, including a Governor that I had done some good for, stood the other way. If I am in error, I ask to be corrected.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. The Senator is just as much in error about that as he is in error concerning everything else. The record shows that I voted for Senator Walsh for permanent chairman.

Mr. LONG. You did? Then I am glad to stand corrected. You did? How many votes did we have? Did we need yours in that delegation?

Mr. HARRISON. Mr. President, I do not want to be catechized in that way by the Senator. That does not have anything to do with the question now under consideration.

Mr. LONG. I may be wrong. I may have misunderstood. I will say in defense of myself that I understood you were not.

I will come to another point. Then we decided that we would try to revoke the two-thirds rule so we could nominate by a majority. That was a move that we were trying to make from the Roosevelt side of the fence, and we thought we were twice within hailing distance of getting there. But in dropped the Senator from Mississippi [Mr. HARRISON] and said that was all wrong. That may be a mistake, but I have a picture from a Chicago newspaper with his words right underneath his picture saying that what we were trying to do there at that time was all wrong; and we finally gave up that effort, although I want to say that I had the pledge from more than the majority of the delegation from the State of Mississippi that they would vote that a majority could nominate if it came to a vote. I may be wrong about that. If I am wrong, I am willing to be corrected, and I will acknowledge my error.

Then I will go one more step. I will go one step farther. When it came to the question as to seating the Louisiana delegation, the test vote, the first vote put up by that convention, the Roosevelt and the anti-Roosevelt delegations from the State of Louisiana were in contest. A vote was taken in regard to that contest. That was the first vote that hung up its sign. When the Louisiana contest came up that was the test, Mr. President, on whether we were going to be able to elect a permanent chairman or do anything else there or not. That was the vote that was going to tell the tale.

Now, I may be in error about this, but I met my friend from Mississippi [Mr. HARRISON] and I asked him how he had voted in his delegation, and he told me that he had voted for the other delegation.

That may be a mistake again. If it is, I beg the pardon of the Senator from Mississippi and I will acknowledge my error.

Mr. HARRISON. If the Senator from Louisiana will yield?

Mr. LONG. I yield.

Mr. HARRISON. The Senator came and thanked me for the delegation voting for his delegation being seated, and I told him that I deserved no thanks; that I, as one member of the delegation, had voted against seating his delegation.

Mr. LONG. Yes, sir. Well, the Senator is certain that I thanked him for voting for me. If I did, I want the Senator to know that I knew he voted against me the night before.

So, Mr. President, had the vote gone the way the Senator from Mississippi [Mr. HARRISON] voted to start with, the test vote might not have been so favorable for Roosevelt. I do not think that they got more votes for Walsh than they did for the Louisiana delegation. No. We got more votes than we could poll for Walsh. Why? Because there had been a statement given out down here from some of the Roosevelt fellows that they had no objection to Mr. Jouett Shouse being the permanent chairman of that convention, and if it had not been for the revolutionary element that went in there and told them that if they let Mr. Shouse be chairman of the convention we could not nominate Roosevelt, it is probable they would have slipped right in and made Mr. Jouett Shouse the permanent chairman of that convention.

Now let us take up the record since the convention as to how we stood by this administration. Mr. Roosevelt needed money. He had to get money. We went out in Louisiana to raise it. I designated as my spokesman for that event the brother-in-law of the brilliant Senator from Missouri, a Mr. Thomson, who published a number of articles and wrote a number of articles, and under him I organized my forces throughout the State to get the money for the campaign.

How much did we raise? I think we raised first and last for the Roosevelt cause around $69,000, with a quota of only $30,000. When I was up in New York City I was called in and asked to raise a little more money at one time, and I did. When I went up through the State of North Dakota I paid all the expenses we had in that State, and gave some money that we left behind. When I went through the State of South Dakota we paid all the expenses there and left some more money behind. When I went through the State of Kansas we paid the expenses there and left some more money behind that came out of the State of Louisiana that we had raised.

We got a great deal of thanks for it. The internal-revenue collector indicted one of the men the other day down there that was one of those contributors, without ever calling on him to pay a single dime and without saying he had underpaid, after one of his inspectors had reported that he could not find anything on him with which to charge him. They put him out of the internal-revenue offices and in the home-loan bank because he could not. That is the same treatment we got.

I was called on in New York City at one time and told by a gentleman there—I have forgotten his name, but he was a little bit of a low-ceiling fellow that wore glasses. He said, "Here is a list of all the jobs you will get. We want some more money." He said, "Go to these men that you are going to give these jobs, and get them to kick in. You are going to have all these jobs to give out. You are national committeeman and you are Senator and you have elected your friend and you are in with the Governor. The national committeewoman is with you, so you are going to be the man that will wear the big hat." He gave me the number of them, but I forget how many there were. They had the thing down scientifically. We ran a very scientific campaign. They had them all numbered as to how much money we could get.

I looked up the law, and I did not know whether it might be exactly right for me to do it or not, so I kind of hinted

to the boys that there would be some jobs coming. [Laughter.] I just let them know there was a Christmas tree back there somewhere in the backyard, and they kicked in their coin once or twice.

The next thing I knew when I went back home they had appointed all the other men to the jobs and my men who had not got in egged me. I was egged by the men who kicked in the money and who I understood were going to get the jobs. The next thing I knew they egged me and indicted the poor devils who had kicked in the money and were all dressed up with no place to go. You can sit up and smile to the fellows with the full stomachs when you get that patronage and do not do anything to get it, but it is sure hard when the fellows kick in with their money and then have to sit on the side and watch someone else who did not kick in a thin dime get all the jobs. It troubles you a little. It does not make you feel as good as you might.

Of course, a man ought not to get mad about a thing of that kind. If he did get mad about it, he ought to keep his mouth shut and not say a thing; but some of us have not learned the spelling book as well as we ought to, and so we do not keep our mouths shut. But do not take our votes and our delegations and our money and then get mad at us. Do not get mad at us because I had a row with my friend in the State of Mississippi who is now Governor down there, when I sat back on the second and third ballots with the man who is my friend and said things he got very mad about, but he forgave me and went ahead with another vote. Do not get mad for the work we did in Arkansas. I think from that time up until election time I have had just about as good an administration record as the Senator from Mississippi.

Now we come along. The Senator from Mississippi is a better-schooled legislator than I am. He has a lot more of influence than I have, he says. He is a man of greater influence than I am. He has influence and I have a vote. "Give me the votes and you can have the influence" has always been my system of politics.

I did not stand for the banking act. The Senator from Mississippi [Mr. HARRISON] voted with the President when the President was in error. I voted with the President when he was right. When the President came in with the banking act I supported an amendment to save the State banks, and, lo and behold, after we fought for several days, the Senator from Nevada [Mr. PITTMAN], the President pro tempore of this body, rose and said that it had been agreed at the White House to take care of the State banks and he did not understand how it had ever been taken out of the bill. After we fought them behind the guns and had to be classed as unfriendly to the administration, then the administration yielded, folded up, and took in the State banks. Then that became an administration policy, and yet we are called "Bolsheviks" because we worked and fought to make the administration take care of the State banks. So all the credit goes to the great Senator from Mississippi, because he was with the administration all down the line. That is easily done.

I voted against the economy bill. I guess that is a charge the Senator from Mississippi [Mr. HARRISON] can justly make against me. I voted against it. I was not in Congress when war was declared, but the Senator from Mississippi [Mr. HARRISON] was. I was not here to vote to send the young men to war, but the Senator from Mississippi was here and voted to send them to war. The Senator from Mississippi not only voted to send them to war, but he voted for the draft act which the Senator from Virginia [Mr. GLASS] described on the floor of the Senate the other day as leaving the men of this country the alternative of being shot here or being shot at over yonder.

Now coming down to the economy bill, from which I was distracted by the Senator from Missouri, the Senator from Mississippi [Mr. HARRISON] has a right to say I did not vote for the economy bill; and I say again—I have been disrupted in my line of thought—that I was not here to vote to send the young men to war, but the Senator from Mississippi was, and he voted to send them to war. I was not here to vote to pass the Draft Act to make them go to war whether they wanted to go or not, but the Senator from Mississipi [Mr. HARRISON] was here, and he did vote to send them to war, whether they wanted to go or not. But, Mr. President, I was here in the month of March 1933 when the issue came up as to whether or not we would take the disabled veterans of the wars out of the hospitals and throw them into the alleys and the byways; whether we would take the widows of those who did not come back, and those enfeebled persons who did come back, those people who had gone through the carnage of hell that the Senator from Mississippi [Mr. HARRISON] had voted to send 3,000 miles away, and throw them out on the streets. I was not here to vote to send them to the war in 1917, but when the time came up to throw them out of the hospitals and take them off the rolls and leave them in destitution, I was here to vote against the economy bill that did it; and I am worthy of all the condemnation that the Senator from Mississippi [Mr. HARRISON] can heap upon me now for having been one, I think, of the three or four on this side of the Chamber who voted against the economy bill.

So I am to be castigated for that; but evidently we were not so far wrong. Only a few days ago, when we undertook to undo some 75 or 80 percent of that injustice, what happened in this body and in the House of Representatives? More than two thirds of the Membership of both bodies, and three fourths of the Membership of the other House, I think, voted to override a Presidential veto in order to undo 75 or 80 percent of that harm. Yet I am to be condemned, according to the words of the Senator from Mississippi, for the stand that I took; and yet the Senator from Mississippi can extol himself for the stand that he took.

Now, the Senator may be right. I want it understood that I am not impugning motives. He may be right. Let us say he was right in voting to send these boys to war, and that I was wrong. That is all right. That is a difference of opinion, and we two will not be the only persons to differ. Let us say, further, that after he voted to send them to war he was right in voting to take them out of the hospitals when they did not have a loaf of bread to eat. Let us say that he was right in voting to take them off the pay rolls when they were there, with their wives and their little children begging for bread. Let us say that he was right, and that I was wrong. We are not the only two men who have differed on that question. But why condemn me? There are plenty of other people who are in my position. Two thirds of both Houses have voted that we did wrong in the first place. Two thirds of both Houses have voted to rescind over 75 percent of those injustices; and so I stand on that and say that I am not to be condemned.

Well, those are two things. What is the next thing you are going to condemn me for?

True, I criticized the farm program and then voted for it. True, I have criticized it. Mr. President, I led the world off in the "ha! ha!" against the program of Herbert Hoover to plow up every fourth acre, and yet I was here when we did what Hoover said, and a little bit more, in ploughing up every third acre; and yet I voted for it, trying, Mr. President, to yield everything I could, or thought I could, to be in harmony with the Democratic administration.

My friend the Senator from Mississippi does not give me credit, however, for some things I have voted for.

I voted for most of the bills, including the P.W.A. bill, although I voted to strike out the part that created the N.R.A.; but after that was retained I voted for the bill in order to get the other two titles of the bill, especially the Public Works title.

I voted for the farm relief bill, and for the inflation measure.

I voted for the reduced gold-dollar bill, and everything else that I could vote for. I have supported nearly all of them, Mr. President. Every one that was down the alley of our platform I have supported. There is not a thing that

was in line with the platform we adopted that I have not supported, every one of them; and I challenge any man, now or at any future time, to show me any one single thing that I have voted against that was a part of the Democratic platform at the Chicago convention.

I will say further that while the President declared that he was in favor of something like the St. Lawrence Waterway that I voted against, on the other hand he declared for several other things that were not in the platform that the regular Democratic organization of the United States Senate did not support, either; so we are pretty well 50-50 on that kind of a basis.

I am not going to take up the time of the Senate further except to make one further personal answer to what the Senator from Mississippi [Mr. HARRISON] has said.

Mr. President, I received an envelop containing a resolution that was supposed to have been passed by the senate and House of Mississippi, and there was not anything in it but a resolution. I had read in a paper somewhere of a resolution, and I thought I had read that it had passed; but I had received a telegram, which telegram I now have and shall be glad to file with the Senate, informing me that this resolution had been passed in Mississippi; and when I got the resolution it said, "Copy of this is sent to HUEY P. LONG with the request that he put it in the CONGRESSIONAL RECORD." So I showed it to the Senator from Mississippi, and we had a few jovial words about it. I took it that it was all good humored. But the Senator now speaks as though he was very serious about what he was doing, but I thought he was in just good humor about it.

I thought the resolution had been passed and that I would have a little fun with him, knowing that he was not in line at all with my ideas on the matter. I saw him passing through the aisle, and accosted him and said, "Here is a little resolution that I got from Mississippi, and since it is from your State, I know you are going to be mighty proud to have the pleasure of offering it for the RECORD." He read it and smiled—I thought he smiled—and said to me, "I bet you wrote it on your typewriter and would not even trust a stenographer to write it."

I went down to the lunch table and had this document in my pocket, and showed it to some other Senators, telling them that the senior Senator from Mississippi had been instructed by the legislature of that State to do what we told him to do about this plan I was advocating, and I was satisfied he was going to get in line. We had quite a little jovial talk about it, and many of us had smiled, and I thought enjoyed the little incident. I brought the resolution up here, thinking it had been passed in Mississippi, and sent it up to the desk and had it put into the CONGRESSIONAL RECORD. I stated that I did not know for certain that it had been passed, but had read in a newspaper that it had, and that I had been asked to put it into the RECORD.

Mr. HARRISON. Mr. President, the Senator is mistaken.

Mr. LONG. I yield to the Senator.

Mr. HARRISON. The Senator stated it had passed the senate. The RECORD shows that.

Mr. LONG. Let me see the RECORD. The Senator has it there.

Mr. HARRISON. The Senator can read it out loud, if he wishes.

Mr. LONG. I said:

I have here a resolution adopted by the Senate of the Legislature of the State of Mississippi. It was sent to me—

I had a newspaper reporting that.

It was sent to me this morning.

I construed it to mean that it had passed. It could be that, the way it read, it was only being introduced. There appeared on it "S. 30."

And I presume it has passed the House of the Legislature of the State of Mississippi. I am going to send it to the desk, and I ask that the clerk may read it, as I was requested to put it in the RECORD by the author of the resolution.

It will be found on the resolution that I was asked to put it in the RECORD. This came to me in a State envelop—it might have been from the executive department, or it might have been the legislative, or the secretary of state. I believe it might have been either one of them.

I showed the resolution to the senior Senator from Mississippi [Mr. HARRISON], who took no exception to my offering it instead of he, himself, doing so. Therefore, I will ask the clerk to read the resolution.

And the clerk read it. I said after it was read:

Mr. President, as I have said, I just received that document, and I have only outside information of its adoption.

I am reading my words now:

I have only outside information of its adoption. I presume, however, it has gone through th senate and House of the Legislature of the State of Mississippi.

It is rather unusual that I took the precaution to say that I had only outside information, and that I merely presumed it had been passed, but some second thought came to me that I had better be careful, that perhaps it had not been passed. Now the Senator rises and makes a lot of "hurrally" about that as though it were a great thing reflecting upon my personal integrity, that I had imposed upon the Senate by putting in the RECORD a resolution which had not been passed.

The Senator says that Mr. Harper is running against his colleague [Mr. STEPHENS] in Mississippi. I hope the Senator is not trying to make an issue out of that matter. I am a pretty good friend of his colleague. I do not know that his colleague has ever said anything about me. His colleague did make a speech for Senator Ransdell when I was running for the United States Senate; but I did not take any offense at that. Old man Ransdell had been here in Congress for 32 years, and many of the people loved him very much. While he had never done me any political favor in his life, I had supported him myself, and, none the less, I did not take any offense when Mr. HUBERT STEPHENS, I think, either made a speech or wrote some letters for Ransdell. I have laughed with him about it, and never took any offense at it, even though it was a Mississippi Senator taking a hand in a Louisiana campaign. But for the Senator to make an issue of that matter I think is outside of the record.

Mr. President, there is only one more thing, and then I will be through. I refer to the attack made on me by General Ansell. The attack I made on General Ansell was that which was contained in a report of a committee of the House of Representatives. What I said about Mr. Ansell was read from, and merely commented upon, a report that came out of the committee of the House of Representatives. What I said about him had been printed in the Literary Digest, it had been printed by the Associated Press, and it had been printed in every paper in the country. What I read here about Mr. Ansell was contained in the papers of this country, and in a report of the House committee which investigated the Bergdoll escape, and that came to me in the document itself.

Mr. HARRISON. Mr. President, I should like to submit a request for unanimous consent, that on the pending amendment, or any other amendment which may be offered to the capital gain and loss section, we will vote at not later than 12:30 o'clock tomorrow. I may say that I have conferred with the Senator from Iowa [Mr. MURPHY], who offered the amendment, and this meets with his approval.

Mr. LA FOLLETTE. Mr. President, the Senator does not intend to have his unanimous agreement apply also to the committee amendment to this section, does he?

Mr. HARRISON. I will apply it only to the amendment of the Senator from Iowa.

Mr. MCNARY. Is that agreeable to the author of the amendment?

Mr. HARRISON. It is agreeable to the author of the amendment.

Mr. MCNARY. Assuming that on tomorrow the Senator from Missouri shall get the floor at 12 o'clock, there will be no opportunity to discuss the amendment.

Mr. CLARK. Mr. President, I may say to the Senator from Oregon that I will not detain the Senate for longer than 10 minutes.

RECESS

Mr. HARRISON. I think I will withdraw my request as to the pending amendment.

I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and at 6 o'clock and 42 minutes p.m.) the Senate took a recess until tomorrow, Friday, April 6, 1934, at 12 o'clock meridian.

# HOUSE OF REPRESENTATIVES

## THURSDAY, APRIL 5, 1934

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, Thou who dost pervade and control the ministries of the universe, help us ever to believe that prayer can set in motion those ministries which will loosen sin, shield weakness, and bring us into healthy freedom. Heavenly Father, deliver us from any mental confusion and crown us with the faculty of calm discretion. O lift us to those spiritual heights where loftiness of thought and feeling shall be our sweet assurance and our best defense. Stir our remembrance of the little things of daily life; it will make larger room for God, and by them we get clearer glimpses of a forgotten and a neglected world. O Light of Life, convey that spiritual energy to our souls that shall enable us to follow the gleam. Live in us, speak through us, and govern our words, and secure us against the failures of yesterday and the fears of tomorrow. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

OUR OKLAHOMA

Mr. McCLINTIC. Mr. Speaker, I have been requested by my colleague, the gentleman from Oklahoma [Mr. MARLAND], to ask permission for him to extend his remarks in the RECORD by including therein a radio address which he delivered on April 2.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MARLAND. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Through the generosity of a group of my friends, who made the arrangements with radio stations WKY, KVOO, and KASA, I am privileged tonight to address this radio audience.

When you turned the little dial of the instrument before you—I, in a manner, became a guest in your home, with the duties and obligations of a guest. One duty, I believe, is to be entertaining and one obligation, I am sure, is not to be impolite, criticise or abuse your other guests, friends, or acquaintances.

To you whose homes my voice has entered I shall say now that the subject of my talk this evening will be Our Oklahoma.

I shall speak of Oklahoma of yesterday, Oklahoma of today, and Oklahoma of tomorrow.

Oklahoma as it was, Oklahoma as it is, and Oklahoma as I hope it will be.

Regarding Oklahoma of yesterday, I shall be brief. Many good histories of our State are available to all who care to read them.

The midcontinent area, embracing Indian Territory and Oklahoma Territory, was originally intended, under various treaties between the Indian tribes and our Federal Government, to be the permanent home of the red man as long as grass grows and water runs.

It was a land of plenty, sufficient for his needs.

Millions of fat buffalo grazed on its plains.

Prairie chickens in clouds rose from its grasses.

In every draw along its streams nested coveys of quail.

The timbered ridges of its mountains sheltered countless deer and wild turkeys.

A veritable paradise for the Indian hunter, and the fertile soil rewarded abundantly in crops of corn the scant labors of his squaw.

The climate was temperate; life was easy.

The members in the tribes increased.

One tribe, reduced by constant warfare to an enumerated 700 at the time it was brought into the Territory, multiplied 400 percent in 20 years in its new reservation.

Uncle Sam kept peace between the tribes.

Then came the white buffalo hunter and his awful carnage, followed by the rancher who grazed his herds of cattle on land leased from the tribes.

Their day, too, drew early to a close.

The open range could not continue.

Land-hungry hordes of white men and women were gathered along the borders of the Territory.

Uncle Sam was making the purchase of vast tracts of land from the Indians, and would soon open them to homestead settlement.

The happy hunting ground of the Indian became the promised land of the pioneer.

Across the lines of the territory in Kansas on the north and in Texas on the south, men groomed their horses preparatory for the race for a 160 acres of land the instant that Uncle Sam's signal guns of the Regular Army should announce the opening.

Wives and children with all their earthly possessions would follow in their covered wagons.

The greatest horse races in history occurred in 1889 and 1893.

When Oklahoma was opened to white settlement, there came from the North descendants of the old Puritan stock of New England, and from the South great-grandsons of the gentlemen of Virginia.

The boldest blood in America.

No weaklings, these, with stamina from generations of pioneering.

Suckled at the breasts of pioneer mothers—whose mothers' mothers never knew aught of ease, comfort, or security, but were fully familiar with the hardships, hunger, and dangers of pioneering.

They were not afraid of new lands, new conditions—not these people.

Overnight they settled a new country.

Formed governments, established law and order, founded cities, erected buildings, opened offices for lawyers and doctors, and even issued newspapers.

On every quarter section of land slept that night the new owner, waiting only the coming of his wagon to start his work of farming.

In 1907 Oklahoma was admitted to Statehood—its citizenship nearer 100 percent pure American stock than that of any other State in the Union.

Its constitution, its organic law, reflected the advance thought of its people.

Democracy was its keynote.

Protection of the rights of person and property its sacred theme.

Industry and labor were to have their reward.

Corporate ownership of land was curtailed.

The usurer was restricted and threatened with punishment.

Back of it all was the thought of protecting the industrious farmer from possible loss of his farm and his team and tools for farming.

In a few years Oklahoma became one of the Nation's leading States in the production of wheat, corn, cattle, hogs, cotton, zinc, coal, oil, and gas.

Its virgin soil produced in greatest abundance everything necessary to sustain life.

In truth this was a land flowing with milk and honey.

So much for Oklahoma of yesterday.

Now, let us look at our Oklahoma of today.

With a population of less than two and one-half million people we produce food enough for 20,000,000 people and cotton enough to clothe 50,000,000 people.

With tillable acreage hardly less than that of some of the first-class nations of Europe, Oklahoma feeds and clothes 10 times her population.

The value of Oklahoma's crops produced and sold since statehood more than equals the value of all the gold in the world today.

Tangible wealth greater than that of the famed mines of Golconda, plus the fabulous hoards of the Incas, has been produced from Oklahoma soil by the labor of her people in the past 30 years.

The money received from the sale of those crops passed through our hands; it did not remain with us.

As a result, what shape are we in, financially, today?

The answer is well known to all of you, but this one fact I want to call to your attention. It is so significant.

In 1900 only 8 percent of the farms of Oklahoma were mortgaged. In 1934 over 50 percent are heavily encumbered.

Many a brave pioneer who made the run, who came in here without a debt, who worked his farm industriously, who produced abundant crops, has already been foreclosed—sold out—and has thumbed his way, hitch-hiked out of the State, going God knows where.

Many more still have that heartbreaking tragedy before them, and others will be saved from it only through the successful operation of our planned national economy.

How did this come about? What happened. What caused this terrible debacle?

It was not failure on the part of the Promised Land.

No fault could be found with the industry of our people, unless it could be that they were overindustrious and produced too much.

Millions of dollars passed through their hands in payment for the fruits of their labor.

But it passed out of their hands—paid out for the manufactured goods they had to buy from other States; paid out for

railroad freight rates, for fire and life insurance, public services; for exorbitant interest charges bordering upon the line of usury; for taxes, State, county, school district, municipal, often extravagantly and unwisely levied.

Most of the interest money went to the money lenders of other States—people who sow not, neither do they reap—the things we sow and reap.

They sow and reap dollars. They sow dollars and reap interest.

And the fruits of all the earth and all labor accumulate in their hands.

In spite of the enormous income to the people of Oklahoma, amounting to billions of dollars, their debt has piled up to undreamed-of proportions; State, county, school district, municipal, and personal debt, because their governmental and personal expenditures have been still greater than that income.

There has been no balancing of the Budget—governmental or personal.

Bankruptcy, therefore, stares us in the face today.

The wolf of hunger is at many an Oklahoma door.

Oklahoma hens lay 4,000,000 eggs a day; Oklahoma cows give 8,000,000 pints of milk a day; Oklahoma wheat produces 10,000,000 loaves of bread a day.

Yet nearly three quarters of a million of our population have this past winter been fed by the Federal Relief Administration. Some months 27 percent of the families of Oklahoma were on Federal aid.

This is the picture of Oklahoma of today.

OKLAHOMA OF TOMORROW

Oklahoma of tomorrow, my friends, is just what you choose to make it.

Its future is in your hands, if you plan for it intelligently.

Planned economy is the order of the day.

The Roosevelt administration has set the pace nationally.

It is yours to follow, if you will, and plan the orderly economic development of your State.

There is no excuse for so much poverty in this Commonwealth.

It is because of lack of planning for orderly production and orderly marketing that agriculture and industry, particularly the petroleum industry, have been unprofitable in this State. The hot-oil legislation introduced by me in Congress last year has, since its passage, made oil producing profitable.

It is because of lack of planning that thousands of our men, women, and children are underfed and without sufficient clothes and shelter in this land of plenty.

It is because of lack of planning that gaunt, undernourished children gaze with hungry eyes upon our mortgaged abundance.

It is sheer madness to go on as we are without taking thought of tomorrow, without planning.

The Federal Government plans to eliminate destructive competitive overproduction in all lines of industry and agriculture affecting the Nation.

It plans to shorten hours of labor and to increase wages.

It plans to put more dollars in the consumers' hands.

It plans that all labor shall hereafter have a better share of the fruits of its toil.

It plans to reduce poverty to a minimum in the United States and will attempt to bring those plans to fruition.

There is less excuse for poverty in Oklahoma than in any other State in the Union. But don't forget that last winter we had a greater percentage of our people on Federal charity than any other State.

Will you, fellow Oklahomans, follow our great national leader, President Roosevelt, and plan to banish poverty from the State of Oklahoma?

Will you plan to balance your governmental budget by keeping its expenditures within its income?

Will you plan to reduce your governmental debt and the interest burden incident thereto?

Will you plan to reduce your production, whether it be agricultural or mineral, to the demand of your natural markets?

Will you plan to develop manufacturing industries in your State so that the receipts from the production of your soil may not all go out of the State to pay for your machinery, tools, clothes, and shoes?

Other States producing but a fraction of the cotton we produce manufacture all the cotton cloth needed by their people.

Oklahoma produces more cotton than North Carolina, six times as much wheat, six times as much oats, and our oil is worth three times as much as its tobacco, yet industry in North Carolina employs over 200,000 people while industry in Oklahoma employs less than half that number.

Rhode Island employs in her factories 128,000 persons. Rhode Island raises no cotton but has 2,290,000 spindles making cotton cloth.

North Carolina, which raises less cotton than we do, has 6,000,000 spindles.

Massachusetts, 450 miles north of the Cotton Belt, has 7,000,000 spindles, while Oklahoma, one of the largest cotton-producing States, has so few spindles that the United States census for 1930 does not carry the number.

Rhode Island is the smallest State in the Union, with a smaller land area than Caddo County, Okla., smaller than McCurtain County, and less than half the size of Osage County, yet the average person in Rhode Island is worth twice as much money as the average person in Oklahoma, due to her industries.

We are large producers of cotton and raw-food materials. We possess rich cement and timber resources and are well supplied with fuel, gas, oil, and coal. Our natural resources have scarcely been scratched.

Our unemployed people would welcome the opportunity to go to work making cotton cloth and clothing, making finished foods, building materials, and furniture—and if they made no more than could be used in Oklahoma, unemployment could be replaced by a profitable opportunity to work by everyone willing and able to do so in the State.

Manufacturers in other States purchase our hides, manufacture them into shoes, purchase our cotton and manufacture overalls, and send them back to us.

The freight both ways is reflected in the price we pay for shoes and overalls.

We need cotton mills in southern Oklahoma. We need furniture factories and meat-packing plants. We need more flour mills. We need machine shops to produce our tools and farming machinery.

Will you, my friends, help to plan for these and other industries to make our State more self-contained?

One of the great movements of our time—and this is part of the Roosevelt program—is the movement back to the land; the movement of families onto small subsistence homesteads.

This movement must be accompanied in our State by the development of small manufacturing industries, manufacturing things needed in the home and on the farm—small plants which will furnish part-time work for the men on the subsistence homesteads.

No other State in the United States is blessed with a more abundant or cheaper fuel than we have in our natural gas and coal, and with timber, cement, and minerals waiting only for the erection of plants to convert them into household goods and agricultural implements of common use.

Oklahomans, the future is what you make it.

Plan wisely, intelligently.

Pursue the plan aggressively, and we can build a great industrial State.

Unemployment will be a thing of the past.

This, my friends, will require a new type of leadership in government.

The day of the economist and unselfish industrial leader, farmers' unions, and labor unions has arrived in the Nation.

The new deal is in their hands.

Our national life is dependent upon the wisdom of their economic planning and the soundness of their agricultural and industrial leadership.

I have offered myself as a candidate for the office of Governor our our State because I see the great job that has to be done to bring our State back to a condition of prosperity.

It is a job for a business man.

It requires a student of economics and an experienced organizer of industry and an executive who can handle an organization.

I have had over 30 years of just such type of training and experience.

It is this that I am offering to the service of my State.

It is this type of leadership that we must have if we are to follow our President in his national program of planned economics and bring our Oklahoma up into the front rank among the States of this Nation.

It is customary for a candidate for the office of Governor at the outset of his campaign to announce his program—his platform.

Following this custom, I declare that, if I am elected Governor of Oklahoma, I will use all the power and influence of the office:

To aid in the economic recovery of the State and Nation.

To support the Democratic platform as enunciated at the Chicago convention and to assist the national administration in fulfilling its pledges in connection therewith.

To support the Constitution and laws of the United States and the constitution and laws of the State of Oklahoma.

To guard against encroachment upon the authority of one branch of government by another branch.

To balance the State's budget of income and expense.

To lighten and distribute equitably the burden of taxation.

To develop our natural resources in the interest of this and future generations, with the prime objective of making Oklahoma as nearly economically independent as possible, at the same time keeping the attitude of a good neighbor to our sister States.

To help in every way to raise the value of farm products, so that the farmer may have a fair return upon his investment and labor and be enabled to pay his debts in a dollar of the same value as the one he borrowed.

To raise the scale of wages for industrial workers so that they may earn a decent living for their wives and families.

To promote unemployment insurance.

To provide old-age pensions.

To take our schools out of politics and adopt the educational program of the State's educators.

To provide for the prompt payment of adequate salaries to our teachers.

To provide exemption of small homesteads from ad valorem taxation.

To reduce the legal rate of interest on money borrowed on real-estate mortgages.

To provide equal education opportunities for all children of all races.

To provide proper superintendence for our penal institutions.

To provide an efficient board of pardons and paroles, required to report and make recommendations in all clemency cases.

To provide that all State employees shall be chosen entirely upon merit, and that their tenure of office shall not depend upon their political work or financial contribution.

To provide political equality for women in regard to holding public office.

To aid the Federal Government in the development of flood control and irrigation projects on our rivers and their tributaries.

To aid in the development of both National and State subsistence homestead projects, with the object of providing small subsistence homesteads for thousands of our people, on which they can live in comfort and gain part of their livelihood.

To protect the capital investments of the small investor who invested his savings in this State on the faith and credit of our laws.

And last, but not least, I will use the full power of the office of Governor to effect a plan for the economic development of Oklahoma, and cooperate to the fullest possible extent with President Roosevelt in his announced recovery program.

In conclusion, may I say I am giving up a job as Congressman to take another job at less pay.

Because I see a job that needs to be done, and there will be honor and credit in doing it properly.

If I had decided to run for Congress again I would not have had to make a hard campaign.

I would probably have had no opposition for the nomination by my party.

As it is, I am committing myself to 6 months of hard campaigning for the office of Governor and, if I am elected, to 4 years of still harder work—to make our Oklahoma a better place in which to live.

I have filed as a candidate for Governor on the Democratic ticket. I shall be back among you as soon as my congressional duties will permit—about May 1.

Meanwhile I leave my campaign in the hands of my friends, and the future of our Oklahoma in yours.

God bless you.

## EMERGENCY HIGHWAY CONSTRUCTION MOST SATISFACTORY OF ALL FEDERAL PUBLIC WORKS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on Federal aid to highway construction and to include therein a schedule of the allotments under the $400,000,000 appropriation in the Public Works Act of 1933.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under the leave to extend my remarks, I shall discuss Federal grants for highway construction to relieve unemployment.

During the depression in all appropriations for public works there has been a definite allocation for the building of highways. In the Emergency Act of December 20, 1930, $80,000,000 was appropriated; in the Emergency Relief and Construction Act of 1932, $120,000,000 was appropriated; and in the Public Works Act of 1933, to relieve unemployment, $3,300,000,000 was appropriated, to be allocated by the Administrator of Public Works with the approval of the President, with one material exception—Congress definitely provided that not less than $400,000,000 should be granted for highway construction.

Congress has conferred unprecedented authority on departments in public building and in public works during the past 4 years, but in every emergency appropriation thus far, Congress has insisted that there be a definite amount allocated to the building of highways. I believe that this policy should be continued.

### PUBLIC WORKS

In his Budget message of January 3, 1934, the President suggested a Public Works appropriation of not exceeding $2,000,000,000 in 1935. I quote from his Budget message as follows:

> Additional relief funds will be necessary. Further needs of the country prohibit the abrupt termination of the recovery program. No person can on this date definitely predict the total amount that will be needed, nor the itemizing of such an amount. It is my best judgment at this time that a total appropriation of not to exceed $2,000,000,000 will, with the expenditures still to be made next year out of existing appropriations, be sufficient.

In the Public Works Act of 1933, the percentage allocated to public highways was approximately one eighth. At least, the same percentage should obtain for the next fiscal year, and if it does Congress should make a definite appropriation of not less than $250,000,000 for grants to highways. Personally, I believe that if there is to be an appropriation for public works, the percentage to Federal highways should be increased. I maintain that highway construction is the most general and the most satisfactory of all public works. Provision is made for employment in the cities and in the country, in all of the States, and in at least three fourths of all of the counties in the United States. All use the highways; the works are permanent; the benefits are general; and the employment is wide-spread.

### DEFINITE ALLOTMENT

It has been suggested that there be no definite allotment either for highways or for any other specific purpose. It is urged that the projects be left to the Administrator of Public Works, with the approval of the President. I have every confidence in the President. I have consistently supported the administration. However, Congress has a responsibility. The appropriations for public works can only be retired by public taxes. Upon Congress devolves the responsibility of providing revenues.

The representatives of the people who must tax the people for public works are responsible in the last analysis for the expenditure of public funds. They should have a voice in the expenditures. Congress is just as capable of determining the character of public works that will bring the most wide-spread and general employment as any administrator. Personally I believe that there would have been less wasted effort and certainly much more economy if Congress, for the most part, had definitely approved all expenditures for public works.

If Congress is convinced that highway construction in municipalities and in the States is the most beneficial type of public construction, I insist that Congress should make a definite appropriation in any public-works act during the present session for public highways.

### QUICK EMPLOYMENT

Those who oppose definite grants say that highways do not provide quick employment and thus do not immediately relieve unemployment. It is urged that for this reason the Civil Works Administration was established. It is now said that the Civil Works Administration will be succeeded by the Works Administration. Quick employment is desirable in some cases, but I assert that definite results with permanent values are really more important than expenditures. It is easy to disburse. Donations are all too frequent. Quick, ill-considered projects are wasteful and extravagant. Desirable public works involve long-time planning. The United States has been engaged in highway construction in every State in the Union and under all conditions for almost 20 years.

But, the fact is highway construction has kept pace with construction in other public works. I admit that if the supreme aim is merely to distribute money, other methods will provide far more expeditious disbursement of public funds. If we follow the reasoning to its conclusion, however, the best method would be to eliminate all works and merely distribute money among citizens who are unemployed. Billions have been spent to provide recovery. The excuse for quick, easy expenditures no longer obtains. There must be value received for public expenditures in the future. Of course, provisions must continue to be made, where imperative, to relieve hunger and distress.

The Federal Administration of Public Works has furnished me with a statement of the allotments and expenditures for Federal and non-Federal projects. The Bureau of Public Roads has also furnished me with a similar statement respecting highway construction.

The Public Works allotment as of March 1, 1934, was as follows:

| | |
|---|---|
| Federal projects | $1,388,835,790 |
| Non-Federal projects | 817,429,801 |
| Total | 2,198,265,591 |

The expenditures through December 31, 1933, for Federal projects were $107,721,794 and for non-Federal projects,

$49,827,359. The percentage of actual expenditures with respect to allocations for all Federal projects was thus 14 percent of the allotments.

As of March 10, 1934, the approved projects for highways amounted to $300,000,000. There was expended up to December 31, 1933, $32,000,000 and there was due to the States $14,000,000 for work already done, or a total of $46,000,000. It will thus be seen that the percentage of expenditures with respect to the total allocations for highways is thus at least equal to the average of all Federal expenditures.

If further definite allocations are to be denied Federal-aid highways because quick expenditures are not thus provided, it must follow that no public works that are of permanent or lasting benefit can be considered. In other words, public works to aid unemployment must be eliminated.

I believe that the policy of Public Works in aid of unemployment is wise, and I further believe that Congress should definitely insist that the public works that do provide widespread employment shall have first consideration. I have consistently advocated that Congress itself should not only make a definite allocation for highway construction but that Congress should make definite specific appropriations for needed public buildings, for flood control, and for rivers and harbors. Whenever the need for public construction ceases, then the need for appropriations for public works no longer exists.

ALLOCATIONS

Formerly allocations of Federal aid for highways were made to the States upon the basis of population, area, and mileage, one third being allocated for each. The method was changed in the Public Works Act of 1933 and more consideration was given to the populous States. The formula is now ten twenty-fourths population, seven twenty-fourths area, and seven twenty-fourths mileage. Moreover, under the provisions of the Public Works Act of 1933, Federal grants were made not only in aid of the Federal highway system but to provide for extensions through municipalities and for secondary or feeder roads. Fifty percent of the amount generally was allocated for Federal-aid highways, 25 percent for extensions through municipalities, and 25 percent for secondary roads.

Under the consent given, I include herein the following schedule showing the approved assignment of the apportionment of Public Works highway funds as of January 31, 1934, under the appropriation of $400,000,000 in the Public Works Act of 1933 furnished by the Chief, Bureau of Public Roads, as follows:

SCHEDULE 1.—*Approved assignment of the apportionment of Public Works highway funds, as of Jan. 31, 1934*

| State | Date of original approval | Date of latest revision | Federal-aid highway system, N.R.H. | | Extensions through municipalities, N.R.M. | | Secondary or feeder roads, N.R.S. | | Total apportionment |
|---|---|---|---|---|---|---|---|---|---|
| | | | Percent | Amount | Percent | Amount | Percent | Amount | |
| Alabama | Aug. 1, 1933 | | 50.00 | $4,185,067 | 25.00 | $2,092,533 | 25.00 | $2,092,533 | $8,370,133 |
| Arizona | July 21, 1933 | | 73.00 | 3,804,731 | 15.00 | 781,794 | 12.00 | 625,435 | 5,211,960 |
| Arkansas | July 18, 1933 | | 50.00 | 3,374,167 | 25.00 | 1,687,084 | 25.00 | 1,687,084 | 6,748,335 |
| California | July 24, 1933 | | 50.00 | 7,803,677 | 25.00 | 3,901,839 | 25.00 | 3,901,838 | 15,607,354 |
| Colorado | July 29, 1933 | | 50.00 | 3,437,265 | 25.00 | 1,718,633 | 25.00 | 1,718,632 | 6,874,530 |
| Connecticut | July 21, 1933 | | 49.00 | 1,404,213 | 28.00 | 802,407 | 23.00 | 659,120 | 2,865,740 |
| Delaware | July 14, 1933 | | 50.00 | 909,544 | 25.00 | 454,772 | 25.00 | 454,772 | 1,819,088 |
| Florida | do | | 50.00 | 2,615,917 | 25.00 | 1,307,959 | 25.00 | 1,307,958 | 5,231,834 |
| Georgia | Sept. 26, 1933 | | 50.00 | 5,045,592 | 27.00 | 2,724,620 | 23.00 | 2,320,973 | 10,091,185 |
| Idaho | July 14, 1933 | | 50.00 | 2,243,125 | 25.00 | 1,121,562 | 25.00 | 1,121,562 | 4,486,249 |
| Illinois | Aug. 1, 1933 | | 25.22 | 4,431,348 | 39.14 | 6,877,199 | 35.64 | 6,262,223 | 17,570,770 |
| Indiana | July 13, 1933 | | 47.00 | 4,717,786 | 48.00 | 4,818,165 | 5.00 | 501,892 | 10,037,843 |
| Iowa | July 17, 1933 | | 50.00 | 5,027,830 | 28.00 | 2,815,585 | 22.00 | 2,212,245 | 10,055,660 |
| Kansas | do | | 50.00 | 5,044,802 | 25.00 | 2,522,401 | 25.00 | 2,522,401 | 10,089,604 |
| Kentucky | July 13, 1933 | | 48.00 | 3,608,332 | 27.00 | 2,029,687 | 25.00 | 1,879,340 | 7,517,359 |
| Louisiana | July 14, 1933 | | 50.00 | 2,914,295 | 25.00 | 1,457,148 | 25.00 | 1,457,148 | 5,828,591 |
| Maine | do | | 50.00 | 1,684,959 | 25.00 | 842,479 | 25.00 | 842,479 | 3,369,917 |
| Maryland | Aug. 5, 1933 | | 50.00 | 1,782,263 | 25.00 | 891,132 | 25.00 | 891,132 | 3,564,527 |
| Massachusetts | July 8, 1933 | Jan. 26, 1934 | 16.70 | 1,101,716 | 75.90 | 5,007,199 | 7.40 | 488,185 | 6,597,100 |
| Michigan | July 19, 1933 | | 40.00 | 5,094,491 | 35.00 | 4,457,679 | 25.00 | 3,184,057 | 12,736,227 |
| Minnesota | July 18, 1933 | | 48.00 | 5,115,153 | 32.00 | 3,410,102 | 20.00 | 2,131,314 | 10,656,569 |
| Mississippi | July 17, 1933 | | 50.00 | 3,489,337 | 25.00 | 1,744,669 | 25.00 | 1,744,669 | 6,978,675 |
| Missouri | July 12, 1933 | | 50.00 | 6,090,153 | 25.00 | 3,045,077 | 25.00 | 3,045,076 | 12,180,306 |
| Montana | July 14, 1933 | Nov. 4, 1933 | 60.00 | 4,463,849 | 15.00 | 1,115,962 | 25.00 | 1,859,937 | 7,439,748 |
| Nebraska | July 17, 1933 | | 50.00 | 3,914,481 | 25.00 | 1,957,240 | 25.00 | 1,957,240 | 7,828,961 |
| Nevada | July 21, 1933 | | 64.00 | 2,909,387 | 11.00 | 500,051 | 25.00 | 1,136,479 | 4,545,917 |
| New Hampshire | July 14, 1933 | Jan. 12, 1934 | 38.00 | 725,739 | 37.00 | 706,640 | 25.00 | 477,460 | 1,909,839 |
| New Jersey | July 25, 1933 | Aug. 22, 1933 | 48.30 | 3,065,137 | 50.70 | 3,217,442 | 1.00 | 63,460 | 6,346,039 |
| New Mexico | July 18, 1933 | | 50.00 | 2,896,467 | 25.00 | 1,448,234 | 25.00 | 1,448,234 | 5,792,935 |
| New York | June 30, 1933 | Aug. 1, 1933 | 48.50 | 10,830,099 | 35.10 | 7,837,865 | 16.40 | 3,662,137 | 22,330,101 |
| North Carolina | July 20, 1933 | | 50.00 | 4,761,147 | 25.00 | 2,380,573 | 25.00 | 2,380,573 | 9,522,293 |
| North Dakota | July 14, 1933 | | 50.00 | 2,902,224 | 25.00 | 1,451,112 | 25.00 | 1,451,112 | 5,804,448 |
| Ohio | July 8, 1933 | | 45.00 | 6,968,066 | 30.00 | 4,645,378 | 25.00 | 3,871,148 | 15,484,592 |
| Oklahoma | July 12, 1933 | | 50.00 | 4,608,399 | 25.00 | 2,304,200 | 25.00 | 2,304,199 | 9,216,798 |
| Oregon | do | | 50.00 | 3,053,448 | 25.00 | 1,526,724 | 25.00 | 1,526,724 | 6,106,896 |
| Pennsylvania | Aug. 1, 1933 | | 30.48 | 5,757,978 | 28.67 | 5,416,051 | 40.85 | 7,716,975 | 18,891,004 |
| Rhode Island | July 22, 1933 | | 50.00 | 999,354 | 25.00 | 499,677 | 25.00 | 499,677 | 1,998,708 |
| South Carolina | July 13, 1933 | | 50.00 | 2,729,583 | 25.00 | 1,364,791 | 25.00 | 1,364,791 | 5,459,165 |
| South Dakota | July 19, 1933 | | 50.00 | 3,005,739 | 25.00 | 1,502,870 | 25.00 | 1,502,870 | 6,011,479 |
| Tennessee | July 17, 1933 | | 50.00 | 4,246,309 | 25.00 | 2,123,155 | 25.00 | 2,123,155 | 8,492,619 |
| Texas | July 18, 1933 | | 50.00 | 12,122,012 | 25.00 | 6,061,006 | 25.00 | 6,061,006 | 24,244,024 |
| Utah | July 8, 1933 | Jan. 5, 1934 | 56.60 | 2,374,205 | 18.40 | 771,826 | 25.00 | 1,048,677 | 4,194,708 |
| Vermont | July 13, 1933 | | 49.90 | 931,919 | 25.20 | 470,628 | 24.90 | 465,026 | 1,867,573 |
| Virginia | July 12, 1933 | | 50.00 | 3,708,379 | 25.00 | 1,854,189 | 25.00 | 1,854,189 | 7,416,757 |
| Washington | do | | 50.00 | 3,057,934 | 30.70 | 1,877,571 | 19.30 | 1,180,362 | 6,115,867 |
| West Virginia | July 14, 1933 | | 45.00 | 2,013,405 | 30.00 | 1,342,270 | 25.00 | 1,118,559 | 4,474,234 |
| Wisconsin | July 12, 1933 | | 50.00 | 4,862,441 | 25.00 | 2,431,220 | 25.00 | 2,431,220 | 9,724,881 |
| Wyoming | July 19, 1933 | | 50.00 | 2,250,663 | 25.00 | 1,125,332 | 25.00 | 1,125,332 | 4,501,327 |
| District of Columbia | July 13, 1933 | Dec. 1, 1933 | | | 50.00 | 959,235 | 50.00 | 959,234 | 1,918,469 |
| Hawaii | July 24, 1933 | | 90.00 | 1,683,956 | | | 10.00 | 187,106 | 1,871,062 |
| Total | | | 47.15 | 185,768,083 | 28.78 | 113,402,967 | 24.07 | 94,828,950 | 394,000,000 |

It is observed that the total of the allocation is $394,000,000. The difference between this amount and the $400,000,000 is largely the administrative expense in connection with the appropriation.

LABOR

Eighty-five to ninety percent of every road dollar ultimately goes into labor or into employment of some type. The Committee on Roads, of which I am a member, has held hearings on a bill to authorize an appropriation of $400,000,000 for highway construction, to be expended and allocated as was provided in section 204 of the Public Works Act of 1933. These hearings have been published. It appeared from these hearings that the entire $400,000,000 would be absorbed and that contracts would be awarded for the entire $400,000,000 by the 1st of May 1934. The maximum employment would probably be during the month of June, when 280,000 men will be continuously employed. At

the time of the hearings, about the 1st of March 1934, there were 130,000 continuous jobs, while 195,000 jobs were being provided in the production of material, in transportation, and in other lines that contribute to the construction of highways. The total job employment, therefore, in the winter was approximately 325,000, and it will reach during the summer approximately 525,000, inasmuch as for every continuous job there are 1½ indirect jobs. Unemployment is relieved and work is promoted by highway construction.

I quote from the report of the Bureau of Public Roads, dated September 1, 1933:

Last year a study was made by the Bureau of Public Roads of the extent to which labor profits from the construction of high-type pavements in which mechanical equipment plays an important part. In this study the money paid out by States or communities for the construction of a concrete pavement was traced through its various exchanges, showing how these expenditures extend to sand and gravel pits, stone quarries, cement and steel mills, to the manufacturers of equipment, repair parts, explosives, gasoline, lubricating oils and supplies, as well as to railroad and transportation companies, and to those who furnish them their supplies, equipment, and repairs which extend from coal and ore mines to mills and factories. When thus traced it was found not only that about 90 percent of the taxpayer's dollar was eventually paid to workers as wages and salaries but also that a very large part of the industry of the country took an active part in the work and received a definite financial stimulus.

Concrete is not generally used in secondary roads, and there is more labor employed in this type of construction. If 90 percent of the money eventually goes into labor in the construction of concrete roads, surely a larger percentage goes to labor in secondary roads. The statement may appear unusual, but on reflection all elements must be taken into consideration. As sand and gravel exist they may be bought for a few hundred dollars an acre, but the labor, the equipment, and the transportation that go into the production of these materials determine their price for road work. It takes oil, gas, coal, as well as clay and limestone, to manufacture cement. In thus determining employment, we have to trace the road dollar back to the production of materials from the beginning. As stated by Thomas H. McDonald, Chief of the Bureau of Public Roads:

When this is done, it does give this picture, and this Public Works program of 2,500,000 man-months of direct employment affords one and one half times that amount of employment in industrial and supplementary jobs.

AUTHORIZATION REPORTED

The Committee on Roads has unanimously reported a bill authorizing at least $400,000,000 for grants to highway construction under the same provisions that obtained in the Public Works Act of 1933.

There is unemployment in the land. The program of recovery is not complete, and the need for highway construction obtains in all of the States.

The $400,000,000 program of 1933 will be substantially completed in the fall of 1934. A future program is imperative. The Chief of the Bureau of Public Roads states that to hold employment without a precipitous drop during the latter months of 1934 and through 1935, merging into employment in the year 1936 comparable with that existing in more normal times through the operations of regular Federal aid, plus State finance and maintenance, would require an additional grant of around $375,000,000 and an appropriation of $125,000,000 under regular Federal aid for the year 1936. Unless provision is made for Federal-aid construction, there will be a sudden reduction of employment; those who have been engaged in highway construction for the last 4 years will be without employment.

Not only will unemployment be relieved by highway construction, but additional highway appropriations are imperative to relieve further unemployment.

Again, for the first time in 17 years, the fiscal year 1933 ended without a definite provision for the continuance of the program of Federal road construction. The situation was brought about by the fact that emergency appropriations had been made for road construction. It is important that Congress make provision for the continuance of Federal-aid highway construction.

GRANTS

There is wide-spread need for highway construction. Traffic is increasing and continuous highway construction is essential. The need is really more apparent in the larger and more populous States. The wealthier and most populous States, according to the hearings before the Committee on Roads, were the first to absorb their allotments under the $400,000,000 appropriation of 1933.

I have heretofore showed that the expenditures, as well as the allotments were made at least as quickly as other Federal expenditures and Federal projects. Seventy-four percent of the entire authorization of $400,000,000, as stated by the Director of the Bureau of Public Roads, was under construction on February 23, 1934. The entire amount will have been expended before the winter of 1934.

As a result of the depression, the States are unable to match Federal aid. The Public Works program for loans to the States was in many cases a failure. The Civil Works Administration was thus established. An allocation of approximately $400,000,000 was made in 1933 for civil works. Congress has already appropriated during the present session $400,000,000 for grants for works in 1935. No local contribution is required. If temporary, quick, and, in some cases, ill-considered works are justified without local contribution, surely the demand for grants for the continuation of Federal aid for highways is much more justified.

CARTWRIGHT OR COMMITTEE BILL

On February 19, 1934, I introduced H.R. 8096, to authorize an appropriation of $400,000,000 for grants for highway construction, on which bill hearings were conducted. I announced that I introduced it as a basis for hearings and that I would favor the reporting of a committee bill, which, according to the usual custom would be introduced by and reported in the name of the chairman of the committee. The provisions of the bill introduced by me were incorporated as paragraph I of H.R. 8781, known as the "Cartwright bill."

Representative WARREN introduced H.R. 8305 to authorize an appropriation of $10,000,000 as an emergency highway fund for the repair of Federal-aid highways and bridges destroyed by floods. This bill was substantially incorporated in the Cartwright bill as section 3.

Sections 4 and 5 of the Cartwright bill are explanatory and perfecting.

Section 2 is a reenactment of a similar section inserted in the Public Works bill of 1933 as section 205, for highways in national parks and forests.

Mr. CARTWRIGHT, the courteous Chairman of the Committee on Roads, has cooperated in every way in fostering the pending bill and in crystallizing sentiment for a definite allocation for Federal aid for highway construction.

SELF-LIQUIDATING

Moreover, highway construction is self-liquidating. For the calendar year 1933 the manufacturers' sales tax on motor vehicles aggregated $257,217,557. The Congress of the United States in definitely allocating not less than $400,000,000 for grants to highways in the Public Works Act of 1933 was not merely guessing. The amount will be returned from highway sources to the Federal Treasury within the period that the funds are actually disbursed.

Unless Congress makes a definite allocation for public highways, I am very doubtful about highways being properly provided for. The question involves no experiment. Congress has been appropriating for highway construction for 20 years. More experience has thus been acquired by Congress than could be acquired by any administrator in 1 or 2 years.

As a result of his successful leadership in the passage of the Economy Act, the President became the outstanding statesman, not only of the United States but of the world. There has been improvement and recovery. The depression was worse than war. Expenditures in times of war are often injudiciously made. Such is the case to relieve distress in a depression that is not only Nation-wide but world-wide. However, we are definitely on the road to recovery. Tem-

porary and unsatisfactory works must be eliminated. Congress will be taking the first step by making definite allocations in future Public Works for highway construction and other internal improvements.

The people are interested in highways as they are interested in no other improvements. They demand that their Representatives and Senators safeguard public expenditures and secure permanent benefits in provisions for public works. I urge the Senators and Representatives from every State in the Union to insist that there be a definite allocation for grants for highways in the new Public Works Act. The provisions for allocations and expenditures in the act of 1933 are satisfactory. Congress should make a definite allocation of at least the same percentage for highway construction in the Public Works Act of 1934 as was made in the Public Works Act of 1933.

I, therefore, urge that H.R. 8781, unanimously and favorably reported by the House Committee on Roads, be incorporated in the Public Works Act of 1934. It is a reenactment of the appropriation of not less than $400,000,000 for grants to highways in the Public Works Act of 1933, to be allocated and expended according to the provisions of said act.

CALL OF THE HOUSE

Mr. BLANTON. Mr. Speaker I make the point of no quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 120]

| | | | |
|---|---|---|---|
| Abernethy | Darrow | Jenckes, Ind. | Reed, N.Y. |
| Allgood | De Priest | Jenkins, Ohio | Reid, Ill. |
| Auf der Heide | Doughton | Johnson, Okla. | Robertson |
| Bailey | Doutrich | Kennedy, Md. | Sabath |
| Beam | Drewry | Kerr | Sears |
| Beedy | Eagle | Knutson | Shannon |
| Bloom | Fiesinger | Kocialkowski | Shoemaker |
| Bolton | Fitzgibbons | Larrabee | Simpson |
| Brennan | Focht | Lea, Calif. | Smith, W.Va. |
| Brumm | Fulmer | Lee, Mo. | Somers, N.Y. |
| Buckbee | Gambrill | McSwain | Stalker |
| Burch | Gasque | Mansfield | Sullivan |
| Burke, Calif. | Gillespie | Marland | Sweeney |
| Burnham | Gray | Merritt | Taylor, Colo. |
| Carley, N.Y. | Green | Muldowney | Thompson, Tex. |
| Cary | Greenway | Nesbit | Tobey |
| Celler | Griswold | O'Brien | Underwood |
| Claiborne | Harlan | O'Malley | Weaver |
| Connery | Hartley | Oliver, Ala. | Wilcox |
| Cox | Higgins | Oliver, N.Y. | Wood, Ga. |
| Crowther | Hoeppel | Owen | |
| Crump | Hughes | Peterson | |
| Culkin | Jeffers | Prall | |

The SPEAKER. Three hundred and forty-nine Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

SUFFERERS BY FIRE IN THE STATE OF MINNESOTA

The SPEAKER. The unfinished business is the vote on the motion of the gentleman from New York [Mr. BLACK] to suspend the rules and pass the bill (S. 770) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during 1918.

The question was taken; and on a division (demanded by Mr. CHRISTIANSON) there were—ayes 99, noes 123.

So (two thirds not having voted in favor thereof), the motion to suspend the rules and pass the bill was rejected.

On motion of Mr. BLANTON, a motion to reconsider the vote by which the motion was rejected was laid on the table.

Mr. HOIDALE. Mr. Speaker, a parliamentary inquiry. Did the gentleman from Texas [Mr. BLANTON] vote for the bill? [Laughter.]

CROP PRODUCTION LOAN OFFICE

Mr. PARKER. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER. Mr. Speaker, I have risen at this time to invite the attention of the Membership of the House to some of the things that are being done by the Director of the Crop Production Loan Office.

The Congress passed the crop production loan bill and appropriated $40,000,000 to make it possible for tenants and sharecroppers in this country to make crops this year. Down in the Crop Production Loan Office the officials have promulgated some rules and regulations that have abrogated the intent of the Congress in the enactment of this bill. For instance, they have a regulation to the effect that the tenants of any one landlord in any one county cannot borrow more than $750. They go further and hold that the big life-insurance companies and the loan companies that have taken over a large number of the farms in the various counties are landlords. In one little county in my district the John Hancock Life Insurance Co. has taken over 74 farms, and the Prudential Life Insurance Co. has taken over 23 farms. The officials of the Crop Production Loan Office contend that these 74 farmers, in one instance, and 23 in the other, are tenants of one landlord.

I contend that neither the John Hancock Life Insurance Co. nor the Prudential Life Insurance Co. are landlords, and certainly they are not farmers. I contend that these poverty-stricken people who have lost their farms and their homes and who are trying to make a living on places that they formerly owned are each and every one of them independent farmers, and I contend further that they should be permitted to participate in the $40,000,000 appropriation.

It was the intention of the Congress that each one of these farmers be allowed to borrow a small amount of money from the Crop Production Loan Office in order that they might make their crops.

I am hopeful that the Members of the House are interested in this situation. I know everybody in the South is interested in it, and I hope you will become so interested that you will call up Mr. Garwood, the Director of the Crop Production Loan Office, and tell him that this regulation must be liberalized. If you do not do it, about 10 percent of these farmers who need help worse than anybody else in the country are going to be helped and the other 90 percent of them are not going to get any help from any source whatsoever.

The whole truth of the business is that the people in charge of the Crop Production Loan Office are not friendly inclined toward this bill. What they want to do is to drive these farmers to the production credit associations. The production credit associations are all right, but farmers of this particular class are not able to comply with the requirements of the production credit associations.

I think of all the people in the United States these poor devils who have lost their homes and their farms are the people that the Crop Production Loan Office ought to help first, and I hope you will get in touch with this office and insist that they liberalize the objectionable regulation. It certainly should not apply in the case of a farmer who has no real landlord.

Mr. FORD. Will the gentleman yield?

Mr. PARKER. I yield.

Mr. FORD. I believe that such insistence will do little good. Is there any legislative method the gentleman can suggest whereby this matter can be remedied?

Mr. PARKER. I know of none at this time. In the law the Congress limited the amount that could be loaned to any one individual to $250, but it is not a law that I am complaining about; it is a regulation.

Mr. MAY. Will the gentleman from Georgia yield?

Mr. PARKER. I yield.

Mr. MAY. The sum and substance of such administration by the Department is to make the insurance companies landlords and to give them the benefit of the loans instead of the former owners of the farms.

Mr. PARKER. No; the result of it is that many independent farmers who need help badly are not permitted to file applications for loans due to the fact that they are classed as tenants or share croppers of a landlord who exists only in name. The law is not being sympathetically

administered. The intent of the Congress is being ignored by the agency that Congress itself has created.

Mr. Speaker, I ask unanimous consent to incorporate in my remarks two telegrams I have received, one from the loan committee in one of the counties of my district and the other from the tax receiver of another county, and my replies to these telegrams.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The matter referred to follows:

ALAMO, GA., *March 24, 1934.*

Congressman H. C. PARKER:

Emergency crop loan ruling limiting loans to tenants of any one landlord in any one county to $500 working a hardship. Many farmers will be unable to farm this year. Please use your influence to get ruling changed. Suggest no limit in some instances as with loan company. Confer with other Members and Senators.

WHEELER COUNTY LOAN COMMITTEE,
By J. H. WALKER, *Chairman.*

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MARCH 24, 1934.

Mr. J. H. WALKER,
*Chairman Wheeler County Loan Committee,*
*Alamo, Ga.*

MY DEAR MR. WALKER: I have your telegram of this date referring to the limitation of loans to tenants of any one landlord to $500.

I discussed this matter with officials of the Committee on Agriculture as well as the Farm Credit Administration. The Director of the Crop Production Loan Organization tells me that this regulation was imposed because of the belief that the $500 would take care of 10 tenants, and if there were any additional tenants the landlord could secure financing from the Production Credit Association.

I explained your position to the officials and urged them to do something to relieve the situation. However, they insisted that the Production Credit Association was adequate to take care of any tenants above the 10 that might be cared for with the loan of $500.

For your information I am enclosing a copy of the Crop Production Loan Act.

I regret to be unable to advise you more favorably.

Sincerely yours,

HOMER C. PARKER.

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WASHINGTON, D.C., *April 4, 1934.*

Mr. QUITMAN WILKES,
*Lyons, Ga.:*

Have contacted Director Crop Production Loan office today. He has increased the loan on cotton to farmers in Georgia and South Carolina from $5 to $6.50 per acre. He has increased the amount that may be loaned to the tenants of one landlord from $500 to seven hundred and fifty. I have told him it is necessary to make an exception in cases of insurance companies. Have told him insurance companies are not landlords in strictest sense of the word, but that they rent to farmers who, while they are tenants in name, are actually landlords themselves in every sense of the word. I am wondering if I have misrepresented the facts to Mr. Garwood. Do the insurance companies have share croppers in your county? I believe all those who rent for a stipulated sum and are not actual share croppers will be permitted to borrow from Crop Production Loan Office. Mr. Garwood is to give me a ruling later this afternoon after he has discussed the matter with Secretary of Agriculture. Will let you hear from me again when I hear from Mr. Garwood. In the meantime please advise me as to whether our farmers are tenants or actual share croppers.

HOMER C. PARKER, *M.C.*

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LYONS, GA., *April 4, 1934.*

Hon. HOMER C. PARKER,
*Member of Congress:*

Thanks for your immediate reply. None of insurance companies have share croppers. They all rent for stipulated amounts. You have not misrepresented anything. John Hancock Life Insurance Co. owns 74 separate tracts of land in this county; Prudential 23, and other companies lesser numbers. The average loan is $70 to each tenant, and on the basis that we are operating this will only accommodate 10 percent of John Hancock renters or 40 percent of Prudential renters. You can see that the renters from insurance companies are being discriminated against under the present ruling. I am informing the renters that you are on the job and doing everything possible to get this matter straight.

R. Q. WILKES,
*Tax Receiver, Toombs County.*

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APRIL 4, 1934.

Mr. J. H. WALKER,
*Chairman Wheeler County Loan Committee,*
*Alamo, Ga.*

MY DEAR MR. WALKER: Referring again to your telegram of March 24, and my reply of the same date regarding the limitation of loans to tenants of any one landlord to $500, I am enclosing herewith for your information copy of a telegram I have today sent to Mr. Quitman Wilkes, of Lyons. This message is self-explanatory, and as soon as I have additional information from Mr. Garwood I shall be pleased to convey it to you, also.

Assuring you of my kind regards and best wishes, I am,

Yours sincerely,

HOMER C. PARKER.

### BURLEIGH F. SPALDING

Mr. SINCLAIR. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

Mr. SNELL. Mr. Speaker, we met early this morning for a specific purpose, and I think we ought to proceed with it. I do not object to this request, but I will object if there are any more.

The SPEAKER. Is there objection?

There was no objection.

Mr. SINCLAIR. Mr. Speaker, I rise to announce the passing of a prominent citizen of my State and a former Member of this House, the Honorable Burleigh F. Spalding. He was a resident of Fargo, N.Dak., from March 1880 until his death on March 17, 1934, and took a leading part in the significant events in the history of the State. He was a member of the capitol commission, which brought the Territorial capitol from Yankton to Bismarck, and was active in securing the division of Dakota Territory into the two States of North and South Dakota, afterwards serving in the Constitutional Convention of North Dakota. In 1898 he was elected to the Fifty-sixth Congress, and was again elected to the Fifty-eighth Congress, serving both terms with distinction. Because of the early development of boss-controlled politics within the State he was denied renomination and became one of the first insurgent Progressives in the Republican Party. In 1907 Governor John Burke appointed him to the State supreme court, to which position he was elected in the following year, serving until 1915, and as chief justice during the last 4 years of his term. Upon leaving the supreme court bench Judge Spalding resumed the practice of law in Fargo and continued in his chosen profession until he was stricken. He was generally recognized as one of the most able jurists of North Dakota and the Northwest. As a young man he came to the West from Vermont, bringing with him the thrift, energy, and ambition of sturdy New England character. Perhaps no man has had a greater influence in the formation and development of the institutions of the new State of his adoption. Certainly none has had a wider experience or participation in its official affairs or a better knowledge of its history. In the passing of Judge Spalding North Dakota suffers a distinct loss.

### BONDS OF THE HOME OWNERS' LOAN CORPORATION

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes. And pending that, I ask unanimous consent that the time be extended to 2 hours and 30 minutes, one half to be controlled by the gentleman from Massachusetts and one half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. LUCE. Reserving the right to object, in order to explain the situation briefly, this comes up under a motion where there will be no chance for amendment. My desire to expedite the business of the House leads me to approve of the program contemplated in the request of the gentleman from Alabama, even though it precludes an opportunity to move an amendment.

The sins of the bill are in the omissions and not the commissions, and we may call attention to that fact before the afternoon is over. Later on there may be further opportunity to consider the features of the bill to which I have referred. Therefore, I shall not object to the request.

Mr. LAMNECK. Reserving the right to object, I should like to ask the gentleman if the Senate bill provides for new building construction?

Mr. STEAGALL. It does not.

Mr. LAMNECK. Does it provide for equipment, heating appliances, and so forth?

Mr. STEAGALL. I will say that the bill provides for the rebuilding, modernization, and improvement of homes and sets out a fund of $200,000,000 which may be loaned to carry out those purposes.

Mr. ELLENBOGEN. Reserving the right to object, I regret that the parliamentary situation is such that we will not have an opportunity to present amendments to this important bill.

Mr. HEALEY. Reserving the right to object, is not it a fact that the $200,000,000 set aside is for the improvement of property under mortgage?

Mr. STEAGALL. Yes. The bill does not contemplate such loans on new projects.

Mr. HEALEY. It only provides for modernization of those homes under mortgage.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

S. 2999

An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes

*Be it enacted, etc.*, That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time at any price not to exceed par any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 12 months after the date this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Corporation on the date this subsection, as amended, takes effect."

(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of the enactment of this act.

SEC. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"(l) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in involuntary default on June 13, 1933, with respect to the indebtedness on his real estate and is unable to carry or refund his present mortgage indebtedness: *Provided*, That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed $200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section.

SEC. 3. The sixth sentence of section 4 (d) of the Home Owners' Loan Act of 1933 is amended to read as follows: "The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension."

SEC. 4. Subsection (g) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"(g) The Corporation is further authorized to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee subsequent to January 1, 1930, subject to the limitations provided in subsection (d) of this section."

SEC. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"(j) In addition to the authority to subscribe for preferred shares in Federal savings and loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any 1 year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association or member of any Federal home-loan bank may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings and loan association or member of any Federal home-loan bank may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States."

SEC. 6. Section 5 (i) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act."

SEC. 7. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon, after the words "Federal Farm Mortgage Corporation Act", a comma and the following: "or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended or by the deposit or pledge of Federal home-loan bank bonds or notes issued under the provisions of the Federal Home Loan Bank Act."

(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by inserting after the words "bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months", a comma and the following: "bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding 6 months, bonds or notes issued under the provisions of the Federal Home Loan Bank Act, as amended, and having maturities from date of purchase of not exceeding 6 months."

SEC. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

SEC. 9. The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home-loan banks upon such terms as may be agreed upon or to loan money to Federal home-loan banks upon such terms as may be agreed upon but not to exceed $50,000,000 shall be invested or advanced under this section.

SEC. 10. Section 10 (b) of the Federal Home Loan Bank Act, as amended, is amended by inserting a period after $20,000, and striking out the following: ", or (3) is past due more than 6 months when presented."

SEC. 11. Section 6 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new sentences: "For the purposes of this section the Secretary of the Treasury is authorized and directed to allocate and make immediately available to the Board, out of the funds appropriated pursuant to section 5 (g), the sum of $500,000. Such sum shall be in addition to the funds appropriated pursuant to this section, and shall be subject to the call of the Board and shall remain available until expended."

SEC. 12. Subsection (e) of section 8 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"(e) No person, partnership, association, or corporation shall, directly or indirectly, solicit, contract for, charge or receive, or attempt to solicit, contract for, charge or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan, whether bond or cash, except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years or both."

SEC. 13. Subsection (k) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended by inserting a new sentence after the second sentence of such subsection, as follows: "all payments upon principal of loans made by the Corporation shall under regulations made by the Corporation be applied to the retirement of the bonds of the Corporation."

SEC. 14. The eighth sentence of section 4 (a) of the act entitled "An act to provide for the establishment of a Corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, is amended to read as follows: "No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same."

SEC. 15. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The SPEAKER. Is a second demanded?

Mr. LUCE. I demand a second.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

There was no objection.

Mr. STEAGALL. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. MCCLINTIC] to make an announcement.

Mr. MCCLINTIC. Mr. Speaker, I rise to ask the attention of the House for just a minute. It is generally understood that the House hopes to conclude its work today so as to make it possible to recess over until Monday. Many Members are interested in the inspection trip to Government agencies that is to take place tomorrow. The time the train will leave is 2 o'clock, at the Union Station, instead of 1 o'clock, and I ask all to take notice, likewise those who might not now be in the Chamber.

Mr. STEAGALL. Mr. Speaker, the bill before the House amends the Home Loan Corporation Act so as to provide for a Government guarantee of both principal and of interest of the bonds the Corporation is authorized to issue. The bonds which the Corporation is authorized to issue amount to $2,000,000,000, the interest of which under the original act is guaranteed by the Government. The prime purpose of this legislation is to provide for the guarantee of the bonds of the Corporation, and it is estimated by the Home Loan Bank Board that the funds provided in this bill will be amply sufficient to take care of the demands for loans during the coming 12 months, or approximately that period. Applications have been received in the amount of about $3,000,000,000, and something like $350,000,000 has been loaned already. These are the figures supplied at the time the committee held hearings on the bill. The amount is larger now. There will be a considerable percentage of applications that will not show eligibility under the provisions of the act, and the Board feels that the sum of $2,000,000,000 established by the bill will do the work of emergency so sorely needed during the coming year.

In order that the securities of the Corporation, the property covered by mortgages, may be conserved and its value safeguarded and for the protection of borrowers, and incidentally for unemployment relief to be gained, the bill authorizes loans to be made for maintenance, repairs, modernization, and enlargement of homes, and allocates $200,000,000 for that purpose.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I cannot yield at present. The interest on loans in cases where relief is granted by the exchange of bonds for mortgages is not to exceed 5 percent a year. In the case of cash loans the rate is 6 percent. The interest rate will be rearranged from time to time to grant as large a measure of consideration to borrowers and mortgagors as the Corporation may be able to grant without involving the Government in serious loss. The bonds of the Corporation are to be issued and handled by the Treasury as other Government operations, and the Corporation will have the benefit of any advantages in interest rates that may come through a better financing arrangement by the Treasury. The bill provides that the Home Owners' Loan Corporation may buy bonds of the Home Loan Bank, but may not expend or employ for that purpose more than $50,000,000.

The measure also provides for going back to the 1st of January 1930 as the date to which its operations may extend to relieve mortgagors. It was thought the bill should be liberalized in that regard so as to cover the period during which the distress of borrowers in the real-estate field had been accentuated.

The bill also provides for the subscription to stock in Federal loan and savings banks. It is not a subscription to preferred stock, as heretofore, but a subscription to income-deriving stock, to be repurchased by the Federal home loan and savings banks over a period of years, not less than 5 or more than 10, the thought being that a great service may be accomplished by the enlargement of these associations throughout the country, in many sections of which no such organizations are now in existence. The purpose being to

encourage home ownership and to afford suitable credit facilities for people desiring to become home owners.

This, Mr. Speaker, is a brief outline of the bill and its purposes.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ELLENBOGEN. Does the gentleman realize that as of March 30 of this year the Home Owners' Loan Corporation received applications totaling $3,613,000,000, and that this bill provides for only $2,000,000,000, and does the gentleman further realize that in the period of the last 3 weeks additional applications totaled $410,000,000?

Mr. STEAGALL. I think I stated that the applications today total, so I have been advised, something in the neighborhood of $3,000,000,000, but loans had been made to the amount of $350,000,000 at the time our committee held hearings and the amount is substantially larger now. It has been found by experience that a large number of applications for loans are not eligible within the requirements of the law. The Board believes that the amount provided in this bill will be sufficient to carry on the work of the emergency relief throughout the year.

Mr. ELLENBOGEN. The figures I have given are figures that I received this morning from the Home Owners' Loan bank itself, and gives the loan applications as of March 30.

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. GLOVER. Is there anything in the present bill that liberalizes the manner in which loans can be made to cover this situation? I received a letter from one of the attorneys for the Home Loan Corporation stating they were handicapped in his city in granting loans where the home had been built with one or two apartments.

Mr. STEAGALL. The law in that respect has not been changed by the present bill. It does not contemplate relief for mortgagors owning apartments.

Mr. GLOVER. Does the gentleman not believe it ought to be liberalized so that that character of homes could be taken care of?

Mr. STEAGALL. Of course, there are many cases which the gentleman and I both would like to relieve, but it has not been thought that relief could be afforded in every instance. The purpose is to supply, as far as may be done, relief for bona fide home owners.

Mr. BLANCHARD. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANCHARD. I know the gentleman is thoroughly familiar with this legislation, and I want his opinion about a certain point. I make reference to two telegrams received from important cities in my district, one from Kenosha and one from Racine, and I want to insert them in the RECORD.

They show the delinquent tax percentage running very high on homesteads. What, in the gentleman's opinion, does the law provide, and the administration of the law provide, for the handling of delinquent taxes on homesteads?

Mr. STEAGALL. The original law takes care of the situation pointed out by the gentleman. It contained a provision authorizing cash loans for the specific purpose to which the gentleman has referred.

Mr. HEALEY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HEALEY. Is the gentleman able to say how many home owners have actually been given relief under this bill up to date?

Mr. STEAGALL. I regret that for the moment I cannot give the gentleman those figures. The figures are above 100,000. I shall be glad to supply them later in the day.

Mr. TRUAX. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. TRUAX. I would like to assist the chairman of the committee to answer the question asked by the gentleman from Massachusetts [Mr. HEALEY]. I am informed that in my State $72,000,000 of loans have already been granted, and that heads the list of all States. I think they have done a mighty fine job of it in the State of Ohio.

Mr. STEAGALL. I am glad to have the gentleman's statement. I am advised, and I think the figures are correct, that the number of borrowers relieved down to the time of the hearings held by the committee amounts to about 114,000. That was up to March 9. I am sure those figures are substantially correct. Of course, many loans have been closed since that time. Loans now run to about $35,000,000 a week.

Mr. REILLY. If the gentleman will yield?

Mr. STEAGALL. I yield to the gentleman from Wisconsin.

Mr. REILLY. I have been advised by the Home Owners' Loan Corporation that that figure has been increased recently to 150,000 and the amount of loans to $450,000,000.

Mr. STEAGALL. The gentleman from Wisconsin makes a statement which is valuable in this connection, that the number of mortgagors relieved amounts to 150,000 and the amount loaned is $450,000,000.

Mr. DONDERO. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. DONDERO. What provision is made where bonds have already been issued and accepted by mortgagees under this bill? Can they exchange them for the new bonds?

Mr. STEAGALL. I should have stated that. It was an oversight on my part that I did not state it. The bill provides not only for the Government guaranty of the new bonds to be issued, but it provides, indirectly, for the guaranty of all outstanding bonds, the method being that any holder of outstanding bonds may, within the next year after the passage of this act, exchange his bonds for the new bonds, the new bonds to be accepted at whatever rate of interest they bear; and if there is any difference, of course, the mortgagee or holder of the bonds would take his chances in that connection.

I thank the gentleman for calling that to my attention.

Mr. GRAY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. GRAY. There are many of these mortgages where the mortgage exceeds the valuation of the property. What provision is there to meet that emergency?

Mr. STEAGALL. The law contemplates an adjustment of those matters between the mortgagor and the mortgagee. It is contemplated, of course, that the mortgagee will scale down his mortgage and accept bonds to the amount of 80 percent of the appraised value of the property mortgaged.

Mr. GRAY. What is the percentage of the loan upon the appraised value of the property?

Mr. STEAGALL. Eighty percent.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. TAYLOR of Tennessee. As I understand it, these loans are not confined to mortgaged property, but loans may be granted for the purpose of repairing and enlarging homes?

Mr. STEAGALL. That is limited, however, to homes on which mortgages are carried by the Corporation.

Mr. TAYLOR of Tennessee. But it does not provide for new construction?

Mr. STEAGALL. It does not.

Mr. TAYLOR of Tennessee. I had hoped that it would.

Mr. STEAGALL. Of course, there is demand for that, along with many other things which the Government is being asked to do at this time, but the bill does not provide for loans of the kind my friend has suggested.

Mr. Speaker, I reserve the remainder of my time.

Mr. LUCE. Mr. Speaker, I yield 15 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Speaker, we are taking up today an administration bill introduced in both the House and Senate in very much the same substance but in somewhat different form, and given earnest consideration by the Banking and Currency Committees of both bodies. This measure was evolved for the purpose of perfecting the operation of the Home Owners' Loan Corporation and is well designed to accomplish that purpose, so far as it goes. The importance of the bill before us, however, lies not so much in what it contains as in the lack of what it should contain.

The Senate began the consideration of this bill several weeks ago. Little real controversy developed, though a few amendments were added, until on the 15th day of March last, when Senator NORRIS arose and offered the following amendment, which will be found on page 4602 of the CONGRESSIONAL RECORD:

In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the Corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board.

A long discussion of this amendment then ensued in the body at the north end of the hall, chiefly as to whether this amendment or one placing the employees of the Home Owners' Loan Corporation under the Civil Service rules was preferable, but no conclusion was reached. The bill was taken up again on the 19th of March, when Senator NORRIS reported (CONGRESSIONAL RECORD, p. 4809) that the Board of the Home Owners' Loan Corporation itself was in favor of this amendment. The discussion ended with a record vote. The amendment was adopted by a vote of 40 to 33, the 33 opposing it being all Democrats.

The Banking and Currency Committee of this House had a number of hearings on H.R. 8403, the companion bill, as originally introduced. When these were completed, and before the reading of the bill began, by the unanimous consent of the committee there was substituted the Senate bill, not as it passed the Senate, but as it had been originally reported to it. The Banking and Currency Committee then proceeded to add certain amendments of its own and the minor amendments made in the Senate. When the Norris amendment was offered, however, it was voted down, and the bill comes before the House today minus that amendment. Unfortunately, under the rules, it is impossible to offer this amendment today, and I am in hopes that in conference it will be retained.

The Home Owners' Loan Act is one of the most constructive of the administration measures passed at the special session of last spring. The great majority of those who did not and do not see eye to eye with the President on much of his so-called "emergency" legislation—and I am, I must confess, among that number—nevertheless supported this bill. It provided a method by which, without large present cost to the Government, and perhaps with no ultimate cost to it, the financially distressed owner of a small home on the eve of foreclosure and eviction, and even within a reasonable time after eviction, might refinance his mortgage, secure easier terms, and a short moratorium on payments until the times would improve and he could better meet his obligations. There is nothing of which the average American is prouder than of his home, be it ever so humble, and the blackest page in the history of the depression is the long list of those who have been compelled to sacrifice the homes for which they have slaved and saved.

Though the bill was passed, the expected relief did not come. The machinery of administration was necessarily complicated and it took time to set it up. Mortgage holders in many cases were suspicious of the bonds offered them in exchange, since they carried the Government guaranty only as to interest and not as to principal, but, worst of all, in many parts of the country the spoils system in the making of appointments reared its ugly head. In stating this fact, well known to all of you, I am criticizing no one. The members of the board of the Home Owners' Loan Corporation had the almost impossible task of trying, in a short time, to set up an organization to function in all parts of the country. In every community of any size there must be an office to file, sift, and pass on an avalanche of applications, with appraisers, attorneys, clerks, field men, auditors, and a host of others to be appointed to do the work.

Is it surprising that many State chairmen were appointed on political recommendations and that these State chairmen in turn secured the appointment of many of their henchmen and that these same henchmen favored members of their own party in the granting of relief? Anyone knowing the history of the operation of the spoils system in this country would have been surprised if the situation had been different.

Mr. Speaker, I represent the district which sent to the House of Representatives for 4 terms and to the Senate for 1 term a great American and a great Democrat, George H. Pendleton. He is famous, among other things, for his nomination as Vice President, with General McClellan, on the Democratic ticket that opposed Lincoln in 1864, but he is chiefly famous for his introduction and support of the first civil-service reform bill that passed Congress.

From the early days of our Republic the question of appointment to public office has plagued our Presidents, for the right of appointment is vested by the Constitution in the President except where Congress by law provides other means. History records many instances when the Chief Executive, driven almost frantic by the importunities of place seekers, spoke his mind freely on the subject. And yet the pressure was almost impossible to resist. Every change of administration would see an almost complete turning out of Government employees and the substitution of a new set whose politics agreed with the President. Since the President, in the nature of things, could not know anything about the great majority of the applicants, he must perforce take the recommendations of the Senators and Members of the House on the fitness of individuals for the various positions. But I am carrying coals to Newcastle to elaborate on this aspect of the question before such an audience as this.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. GOLDSBOROUGH. I am wondering if the gentleman has considered the fact that this personnel has been set up now for several months and that the passage of the so-called "Norris amendment" would be practically an invitation to change that personnel, which, as far as I know, has been working very adequately. It certainly has in my section. I do not know whether the gentleman had considered that phase of the question or not.

Mr. HOLLISTER. I should point out to the gentleman from Maryland that I do not think there is a desire on the part of anyone to eject any person from a position when the person is handling the position properly. I understand that a great many of the abuses have been rectified. I should point out to the gentleman that the board itself has favored the passage of this Norris amendment, and the President of the United States has stated publicly a similar desire.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. FULLER. The gentleman means that the gentleman, as a member of the minority party, wants representation on these patronage jobs.

Mr. HOLLISTER. They should not be handled by patronage; that is what I am advocating.

Mr. FULLER. The gentleman's party is receiving it now in the gentleman's State, when men of the gentleman's political faith were appointed to these positions in the Home Owners' Loan Corporation in the gentleman's State.

Mr. HOLLISTER. I do not know anything about it; I have not advocated it.

Mr. FULLER. Is not the gentleman aware of the fact that an ex-Member of Congress holds one of the most important positions on this Board here in Washington, and that he took with him his secretary and his chauffeur, and that all of them are on the pay roll down here?

Mr. HOLLISTER. If the gentleman wishes to go into this at greater length in his own time, I would be glad to have him do so. I know nothing about the facts of which the gentleman speaks.

As the Government increased in size after the Civil War, the problem became more and more acute, and agitation was begun for reforming the Civil Service to provide for proper examination of applicants and tenure of office for the faithful and efficient employee. Hardly a session of

Congress passed without considerable discussion of this question. Under Grant a bill was passed to give the President the power to establish rules to govern admission to the Civil Service, though nothing was done with respect to insuring tenure. The President named a board and a number of employees were appointed in accordance with the rules it laid down, but the failure of Congress to continue appropriations for the board brought its labors to an end in a couple of years. From then on, however, the party platform of all the parties carried planks supporting Civil Service reform; and when Garfield was elected in 1880 the friends of this movement were jubilant, for he was well known to favor it strongly. His death at the hand of a disappointed office seeker in the summer of 1881 brought public sentiment very strongly into line, and at the session of Congress beginning in December 1882 Senator Pendleton, the Chairman of the Committee on Civil Service Reform, introduced a bill which was destined to become the foundation of our present Civil Service laws. This bill passed both Houses easily and became a law in January 1883. At first only a small part of the Federal employees were classified, but the number steadily grew and, while there have been temporary set-backs, until recently there has been steady progress. At the end of the fiscal year 1933, 456,000 Federal employees were in the classified Civil Service, out of a total number of Federal civil employees of 565,000.

Mr. Speaker, one of the most distressing evidences of a recent retrogression in the ideals of our Government is the familiar phrase that we find in so many of the measures which have been presented to us and which we have passed during the past year. A typical example of this phrase reads as follows:

> The Administrator may appoint and fix the compensation of such experts, and their appointment may be made and compensation fixed without regard to the civil-service laws, or the Classification Act of 1923, as amended, and the Administrator may, in the same manner, appoint and fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act.

To one who has studied the history of the spoils system in popular government that phrase tolls the knell of efficiency and often even of honesty. It puts us on notice that the welfare of the Union is to be traded in payment for political services rendered or expected.

Inquiry at the office of the United States Civil Service Commission elicits the startling information that, outside of the administration of the securities bill, which was turned over to the Federal Trade Commission, none of the employees of the many new governmental agencies which have been set up since the 4th of March 1933 have been placed under the civil-service laws. It is impossible to give in exact figures the number of employees in these new agencies, as it is difficult to get the figures from the different offices, and when received they are not up to date. It is well known, however, that the number runs up to tens of thousands.

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. HOLLISTER. Mr. Speaker, I have wandered far afield from the present bill, but I have done so with a purpose, and I now return. I have here a clipping from the Washington Evening Star of March 21 last, 2 days after the bill before us passed the Senate, from which clipping I should like to quote:

> President Roosevelt today served notice on Congress that he favored the Norris amendment to the home-loan guarantee bill to bar politics from appointments to the Home Owners' Loan Corporation * * *.
>
> After reading the amendment of Senator NORRIS, Republican, of Nebraska, President Roosevelt personally communicated his desire to Chairman STEAGALL, of the House Banking Committee.
>
> He made it known through Stephen T. Early, a secretary, that he considered politics also should be banned in considering appointments to other Federal relief agencies such as the N.R.A., the Civil Works Administration, and the Farm Credit Administration * * *.
>
> The House committee deleted the political-ban provision of the bill in approving the general purpose of the measure to guarantee the principal as well as the interest of the $2,000,000,000 of Government bonds to aid home owners.

One can only conjecture why the majority members of my committee took the action they did in refusing the Norris amendment. If they represent their party, however, the only reason there can be is that the Democratic Party, as represented by this committee majority, prefers to disregard the merit system, to disregard the request of the President, to disregard the desires of the board which must make the appointments in question, and prefers to raise the piratical skull-and-bones pennant to the masthead of its political ship, shouting the old war cry, "To the victor belongs the spoils!"

Mr. YOUNG. Will the gentleman yield?

Mr. HOLLISTER. I yield to my colleague from Ohio.

Mr. YOUNG. Is not the gentleman from Ohio proud of the record of the Home Owners' Loan Corporation in our State? Does he not know that the record in Ohio is so far ahead of every other State in the Union as to be outstanding; that nearly $79,000,000 has been disbursed to date in the State of Ohio under the administration of Henry G. Bruener to distressed home owners; that 26,000 have received relief; and that the average cost to the Government of every loan made by this Corporation in Ohio as of this date is $14.80 per loan?

Mr. HOLLISTER. Is the gentleman almost to the end of his question?

Mr. YOUNG. Yes.

Mr. HOLLISTER. I will be glad to answer a question.

Mr. YOUNG. In some other States the cost exceeds that by many, many times.

Mr. HOLLISTER. May I answer the gentleman?

[Here the gavel fell.]

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. STEAGALL. I yield the gentleman from Ohio [Mr. HOLLISTER] 1 additional minute.

Mr. BROWN of Michigan. I understood the gentleman to say in the early part of his speech that favoritism had been shown to applications of members of the Democratic Party. Was there any evidence whatsoever as to that fact produced in the committee?

Mr. HOLLISTER. None at all.

Mr. BROWN of Michigan. Then the gentleman's statement is based on hearsay?

Mr. HOLLISTER. Based entirely on reports.

Mr. BROWN of Michigan. Based on hearsay.

Mr. HOLLISTER. My desire is to have the general principle adopted that appointments shall be made without political consideration. I am not criticizing a particular State or a particular set-up.

Mr. BROWN of Michigan. Does not the organization in Ohio at the present time have some managers and some attorneys who are members of the Republican Party?

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Speaker, this discussion which we have just heard, while it was very courteous, appears to constitute a reflection upon the present administration of the Home Loan Organization.

Our information is that throughout the country the attorneys, appraisers, State managers, and district managers are conducting an extremely difficult situation with great ability and infinite energy. The committee, in considering the so-called "Norris amendment", did not have in mind any partisan consideration. The committee felt that, in view of the fact that the organization had been finally set up in every county and in every city throughout the United States and, as far as we knew, was handling its very difficult work adequately, it would be a mistake to pass legislation which would constitute a reflection upon the personnel and which would indicate an invitation to change the personnel.

This organization, Mr. Speaker, was required and is required to act with great rapidity. Property is advertised for sale on mortgage foreclosure, and this organization is appealed to for relief.

There have been up to this time 150,000 American homes actually saved by the operation of this organization. It has been conducted in an absolutely nonpartisan way. No one asking for a loan has ever been questioned as to whether he was a Democrat or Republican, a white man or a colored man. The majority members of this committee and some members, probably, of the minority felt that there was no necessity for changing the personnel of this organization; that there was no necessity for changing the manner in which these appointments had been made and would be made, and that to cause a change at this time would create confusion, would interfere with the management of the organization, and would be demoralizing. For this reason, and for this reason alone, the Norris amendment was not favorably acted upon by the Committee on Banking and Currency.

Mr. Speaker, I yield back the balance of my time.

Mr. LUCE. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, insofar as the State of Illinois is concerned, I gladly accept the challenge of the gentleman from Maryland [Mr. GOLDSBOROUGH], because I do want to reflect upon the personnel of the Home Owner's Loan Corporation in my State, and I want to go a little further and characterize it as one of the foulest blots that has ever been placed upon the escutcheon of the State of Illinois. They have placed human misery upon the altar of political spoliation.

I unequivocally endorse the principle of guaranteeing both the principal and interest on these bonds, as recited in this bill. I am glad that $200,000,000 was set aside for repairs. I wish the measure might be amended to set aside an equal amount of money for new construction, but under suspension of the rules amendments are not in order.

However, I shall hold my nose as I vote for the bill, because of the utter inefficiency of the Home Owners' Loan Corporation in my State, and if I but make a most natural exposition of the history of the Home Owners' Loan Corporation in Illinois, it is more eloquent than anything else I can say as to how rotten it has been, and how it has left our home owners in complete despair.

I remember a politician running for office who, while making a speech, asked this rhetorical question of his audience, "What are the fruits of victory?" One of his very humble constituents in the rear of the hall stood up and said, "I suppose they are plums, melons, and applesauce." He was absolutely right so far as the Home Owners' Loan Corporation in Illinois is concerned, because there have been melons in fees for intermediaries, there have been plums for the spoilsman, and there has been a lot of hooey and applesauce for the distressed home owners of Illinois. [Laughter.]

Let me begin this presentation by reading a quotation from a Chicago paper dated December 8:

> The administration of the Illinois Home Owners' Loan Corporation has become a violation of the forgotten man and a cesspool of spoils politics. Astounding instances of mismanagement and political wire pulling in and on the fringes of the Home Owners' Loan Corporation here, which is supposed to be a financial refuge of the distressed and overburdened home owners caught in the maelstrom of depression, have been revealed.

The article also refers to the Home Owners' Loan Corporation as "jigsaw, political chicanery."

Along in August of 1933 they appointed Mr. William G. Donne manager of the Illinois division. He was the president of the eighth ward Democratic organization in Chicago. He was the State manager of the Home Loan, and Russell O'Brien, the secretary of the eighth ward Democratic organization in Chicago, was made the secretary.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. DIRKSEN. Let me finish this statement first, please. They opened an office in La Salle Street about the 1st of August 1933. For the general counsel they selected Mr. Samuel K. Markham, law partner of one Thomas Donovan, who is the nephew of Tom Donovan, the Lieutenant Governor of Illinois, and for assistant counsel one Thomas L. Grant, an eighth ward precinct captain, who was once censured by the Illinois Supreme Court for dereliction of professional duty after the court had heard disbarment proceedings against 55 lawyers in the smelly and odorous sanitary district case.

They were all ready to start business. They had to have an appraiser or a number of appraisers, so there was set up, mind you, in the same building, the Central States Appraisal Co. of Chicago, consisting of three incorporators; and who were they? One of them was Mr. Arthur Dritsch, a brother-in-law of Mr. Donne, the State manager of the Illinois division and also a member of the eighth ward Democratic organization in Chicago; Mr. James J. Sullivan, former chief clerk of the sanitary district and committeeman from the eighth ward; and one Mr. James P. Walsh.

They needed an intermediary in order to carry on their infamous business, so there came into the picture a man by the name of Fred J. Walsh, the Democratic leader of Joliet and a member of the State patronage committee, and here is the way they went about doing business. Mr. Walsh started sending forth solicitors into Will County, into Kane County, and into Cook County. He let his solicitors permit the impression to go out that he had a special influence with the Home Owners' Loan Corporation of Illinois and if they cared to pay 5 percent for him to exert his influence they could expedite loans in a rather substantial amount. Let me read the language of the contract that Mr. Walsh used:

> We, the undersigned, being owners of certain first-mortgage notes secured by premises and improvements located at (a certain place) do hereby employ Fred Walsh for the purpose of exerting his efforts in having join with us, the maker of said notes and the holders of said notes of the same issue in applying for and procuring from the Home Owners' Loan Corporation an exchange for the notes we now hold for Government bonds to be issued by that organization and being desirous of having the benefit of the skill, training, knowledge, and experience of said Fred Walsh in appraising and dealing with resident property, we hereby authorize the said Fred J. Walsh to make application in our names or otherwise, and to conduct all negotiations directed toward such exchange of securities and in the event the same is accomplished, we promise to pay to the said Fred J. Walsh 5 percent of the face value of all such securities delivered to us in exchange for such notes.

This is the kind of document they used in place of and along with the mortgagee's consent to take bonds, and he, Mr. Walsh, is one of the leading spoilsmen and patronage dispensers of the State of Illinois.

Then he branched out—he branched out into Aurora, into Joliet, and elsewhere.

Mr. BLANTON. Was not Joliet where he belonged? [Laughter.]

Mr. DIRKSEN. Possibly so.

Let me read some quotations of some statements that were made by one Mr. Schlitz, who was identified with the George W. Alschuler & Co. mortgage company in Aurora, Ill., and who was doing business with this intermediary, Mr. Fred J. Walsh, who had such a political drag with the Home Owners' Loan Corporation.

Mr. Schlitz said:

> We knew it was political graft down at the Home Owners' Loan Corporation, but what could we do? It seemed to be an out for our customers.

Again I quote:

> We honestly felt that this was a political deal.

I quote again:

> We first heard that Walsh was dickering with the Home Owners' Loan Corporation from friends in Joliet. Then Mr. A. P. Moecher came in and told us Walsh was reopening his Aurora office for the purpose of obtaining customers who wanted Federal loans. He told us Walsh had opened an office just above the Home Owners' Loan Corporation.

And mark you, in the same building in La Salle Street, in Chicago.

I quote again. Schlitz says:

> Let me repeat. We knew it was political pull.

Now then, referring to the volume of business that was done, Schlitz had this to say:

> It must be a large volume, because the word has gone out to everybody in town that Fred J. Walsh could help them if they saw Moecher.

Let me say something about appraisals. Here is a brother-in-law of the manager of the Illinois Division, together with two other members of the eighth ward organization in Chicago, setting up an appraisal company in the same building which houses the office of the Home Owners' Loan Corporation. They got 40 percent of the appraisals and charged $15, while other reputable abstract companies offered to do it for $4.50 per appraisal.

Let me also say something about the insurance feature. I understand that 75 percent of the business went to two concerns, one of them only recently established, about the time that the Home Owners' Loan office was first established in Chicago.

Let me say something about the results under this regime. I was interested in the report just made on Ohio because that is the banner State and will serve splendidly for purposes of comparison.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I regret that I cannot yield now.

Mr. GOLDSBOROUGH. Inasmuch as the gentleman has challenged me, I think he ought to yield to me for a question.

Mr. DIRKSEN. Will the gentleman withhold for a moment? They sent an investigator out there, and finally removed the manager of the Illinois division. They appointed a new manager. There were threats of indictments, and the Department of Justice had men out there investigating this whole set-up, this mess of rottenness built upon the agony and despair of home owners threatened with foreclosure. They had some 40,000 applications for loans at that time, and up to the 1st of December they made and closed 452 loans out of those 40,000 applications. Let me show you what the record is as of the 23d of March, which was certified to me by the local office. We had in Illinois 63,877 applications, and only 1,048 loans closed, involving a total of only $4,444,000. I shall carry this one step further and show you just what has been done right in my own district. A branch office is located in my district. They had 2,147 applications on the 23d of March, which is only 2 weeks ago. Of that number only 16 loans had been closed.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. LUCE. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. DIRKSEN. Sixteen loans out of 2,147 applications, involving $45,945, and the distressing thing is this: The expense of that one office at Peoria thus far has been $37,000, and the total of loans issued in that office has amounted to only $45,945—almost as much expense for fees as the total amount of the loans closed. If anybody here wants the record, I have it here, as it came in the mail this morning from the H.O.L.C. office in Washington. I am glad to see that Ohio, which has 1,000,000 less population than Illinois, got $71,000,000, and that Indiana, that has less than half the population of Illinois, got $16,000,000, whereas in Illinois we got only $4,000,000. This frightful disparity is due to political rottenness, which can only be changed when they put this thing on a merit and efficiency business and take these spoilsmen out who are supposed to be working in the interest of the despairing home owners of my State.

It is positively nauseating to think that in Ohio, Indiana, and elsewhere they are making loans at a cost of from $13 to $15 per loan, while in Illinois the report shows that in February the cost was $456 per loan. That should be as a stench in the nostrils of the citizens and taxpayers.

In the branch office at Peoria they had 15 employees on the last day of February and 20 on the last day of March of this year; and only 16 loans actually closed. Where is the fault? What is the trouble?

In the face of such a record of inefficiency and such a sacrifice of the interests of the humble home owners of Illinois this thing merits an immediate and sweeping investigation.

The Norris amendment, for which we are contending today, seeks only to eliminate such a rotten condition as this by requiring merit and efficiency in the personnel who are to administer an act that has been hailed as a boon to distressed home owners.

I am not contending for the appointment of Republicans or Democrats but merely for the appointment of efficient persons who will render honest and sympathetic service and bright succor and relief to those who are in distress.

Mr. GOLDSBOROUGH. Mr. Speaker, in view of the fact that my distinguished friend from Illinois, Mr. DIRKSEN, declined to yield, it was necessary for me to get this time in order to say that while there is some merit in his statement, he is discussing last year's birdsnests, because that situation in Chicago was cleaned up over 30 days ago. In the city of Chicago now they are making about 100 loans today.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield to me there in order that I may answer that?

Mr. GOLDSBOROUGH. I decline to yield.

Mr. LUCE. Mr. Speaker, I yield 2½ minutes to the gentleman from New Jersey [Mr. CAVICCHIA].

Mr. CAVICCHIA. Mr. Speaker, lest I be accused of trying to make political capital, I shall not criticize the work of the H.O.L.C. Even our Democratic colleagues admit it needed reformation. I hope for improvements.

I am in favor of the bill that is before us. Financial institutions and individuals have refused to accept the bonds of the Home Owners' Corporation heretofore because of the uncertainty of the Corporation being able to redeem them at maturity. The committee feels that with the passing of this bill home owners will get the needed help and many of them will be able to save their homes.

Some days ago President Roosevelt stated to the press of the country that all appointments were to be made on the basis of ability and efficiency. Senator NORRIS in the Senate bill, section N, provided that all appointments, promotions, and so forth, be on strictly nonpartisan basis. This committee has stricken out this provision.

It is rumored that over 10,000 civil-service employees have lost their places in the past 12 months due to the economy program. Yet over 40,000 new employees have been given employment under the many new recovery measures passed by Congress during the same period.

This is political spoils system at its worst and should and must be discouraged. It may be argued that the Republicans have played the same game in the past. If so, I do not excuse my own party.

The spoils system must be destroyed, and I hope that the conferees of the House will insist that the Norris provision be included in this bill.

The new deal will get the help of the Republicans in the House if we are satisfied that all will get a square deal in passing laws that alleviate or regulate but must not strangulate.

Mr. STEAGALL. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Speaker, I wish to address myself to the criticisms made by my colleagues on the Republican side as to the action of our committee in striking out the Norris amendment. I wish particularly to direct my remarks to the attention of my Democratic colleagues. There is no man on the Committee on Banking and Currency for whom I have greater respect than the gentleman from Ohio [Mr. HOLLISTER]. I think he is one of the most valuable members on the committee, but when he talks about the application of the merit system and the spoils system he becomes affected, unfortunately, with that disease peculiar to the members of his political faith, which prevents him from first casting the beam out of his own eye before he attempts to pull the mote out of our eyes.

We intrusted Republican organizations in the State of New York with the administration of the C.W.A.; and what did they do with it? In every instance they did exactly what the gentleman from Illinois [Mr. DIRKSEN] charges a few Democrats with doing—they played politics with human misery.

When the Roosevelt administration came in on the 4th of March we found that by a strange coincidence these gentle-

men who are so much holier than thou that they did not look at a man's political faith before appointing him, had placed as attorneys of the Federal farm-loan banks, as appraisers for the Federal Farm Loan banks—and I am talking only of my own district and of the upper part of New York—no one but Republicans. Democrats in office were as plentiful as hen's teeth. That is the way the Republicans applied the merit system. But, of course, they admit they are better business men than we Democrats, and I will admit they run the business of politics better than we do. They have had more experience. I could not find a single exception. Many of the Republicans in the farm-loan bank system, of course, are able men. Many of them, I presume, will be left in office. The present Republican attorney in my own county for the farm-loan bank is handling the job very well, and I cannot complain of him, although I could suggest several Democrats who could fill his place. But I resent criticism of this sort.

The very able gentleman from Massachusetts [Mr. LUCE] and myself last year had a little difference of opinion as to the application of the Jefferson political philosophy of appointment to office by the merit system. He misquoted Jefferson. Frankly, so did I. So I want to insert in the RECORD for all time just what Jefferson did say in a letter written by him to Elias Shipman and others, a committee of merchants of New Haven, under date of July 12, 1801. The circumstances were these: The gentleman from Massachusetts last year said that we Democrats had deserted the teachings of Jefferson and had followed the teachings of Andrew Jackson—"to the victors belong the spoils." He said that Jefferson said that the only questions that should be asked of a prospective political appointee are, Is he honest; is he capable; is he loyal to the Constitution?

Jefferson had removed from office a Federalist collector of New Haven and had appointed a Democrat, and this committee of merchants wrote him a letter of remonstrance. Jefferson, in reply, said in substance that, while he believed that the merit system should be employed, yet when on coming into office he found that his predecessor, John Adams, had during the midnight hours preceding his political demise filled all of the offices with adherents of one political party, and therefore he believed that it was proper that the majority party should at least have a fair proportion of the adherents of their party in office who would be in sympathy with administration policies. At the close of his letter Jefferson said, in substance, that when time and accident had removed some of these Federalists—and, of course, the gentleman from Massachusetts [Mr. LUCE], who is even more familiar than I am with the writings of Jefferson, because he was lately converted, as he says, to the political philosophy of Jefferson, will remember that Jefferson also said, referring to Republican officeholders, "Few die and none resign"—and he had succeeded in filling some of these offices with adherents of the majority party so that the majority party had at least their fair proportion—and we have not that now—then he hoped we might return to that ideal state of things when the only questions concerning a candidate shall be, Is he honest; is he capable; is he faithful to the Constitution?

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SISSON. I yield.

Mr. RICH. Is this a speech on the bill before the House or is it a political speech?

Mr. SISSON. It is for the benefit of the conferees, in the hope that they will not yield to the Senate and restore the Norris amendment. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I was very much interested in the remarks of my colleague from New York. I do not yet know the difference between a mote and a beam; but perhaps my knowledge of the Bible is not as extensive as his.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. If the gentleman can explain to me the difference between a mote and a beam, I shall be pleased to yield.

Mr. SISSON. I cannot do that. It would be impossible for me to explain to any member of the gentleman's party the difference between a mote and a beam, because he could not see it.

Mr. FISH. Mr. Speaker, I have the highest regard for my colleague from New York. He is a valuable member of the Committee on Banking and Currency. I agree that there is a great deal to be said on both sides of the question that has been discussed. Of course, the bill has not been discussed to any extent worthy of the name; the merit system has been the only issue that has been debated on the floor today, and, fundamentally, there is a great deal to be said upon the side of the spoils system. In fact, as a general proposition, I believe in the spoils system. [Applause.] I believe that as a general proposition the political spoils belong to the party in power. This system was largely introduced by Andrew Jackson, and it has been carried on as an American principle since that time.

Responsibility, as a general proposition, should rest upon the party in power; and the party in power should appoint members of their own party to the key positions of responsibility. I have spoken before and have denounced the appointment of Socialists and near-Socialists to high office under the Democratic administration, not because those men are not able or that they are not competent, but because the people back home did not elect a Socialist administration. Socialism was not elected to power. Had the people wanted socialism in America they had the opportunity to elect Norman Thomas, but they did not do it; he received less than a million votes. But you have placed in power, in high and important positions in the Government, several hundred men who are near-Socialists and Socialists at heart, who, to my mind, are disbelievers in our political and economic system, and actual believers in the Marxian Socialist theory, and who by no stretch of the imagination are real Democrats, or Jeffersonian Democrats who believe in the Constitution and in our free institutions and in our form of government. In experimenting with socialism we jeopardize all that we have gained, for we must start the experiments by repudiating the fundamental principles on which our constitutional, representative form of government has been erected. I wish I had more time to talk on this particular issue now, but I have not because there are some other things I should like to discuss, but I may get back to it later in the session. It is my firm conviction that human liberties, the rights of individuals, and constitutional rights and liberties are being smothered by paternalism, bureaucracy, and State socialism.

There is a different issue raised in this bill by the insertion of the Norris amendment providing that appointments should be made on the basis of merit and not politics, because it is a purely business proposition, and I can see some real justification for it, although there can very well be two distinct sides on such a question. If it is actually a pure, unadulterated business proposition, then it is perhaps just as well that we drop the spoils-system feature of the original bill and adopt the merit system. But I do not say that there are not just as many competent Democrats in this country as Republicans, or just as many loyal Democrats as Republicans, but if there are Republicans who know this kind of work as it is purely a practical business proposition, then I believe this amendment is meritorious and ought to be adopted. Furthermore, I am not not in favor of playing politics with human misery, and I believe it would expedite the saving of homes if the best and most experienced men were appointed irrespective of partisan politics.

I may say this, however, if it is not adopted, it is not going to break my heart, because I have always believed in the fundamental proposition that the party in power should be responsible for the operations of the organizations that they establish and control. The Democrats heaped an ava-

lanche of criticism on the Hoover administration for not affording more effective relief to our home owners, and said, "just wait until we get in on March 4." It is now over 1 year since the Democrats came into power and the slowness and red tape in the operations of the Home Loan Board has been a blot on the American Government. Thousands of home owners have lost their homes and life savings through Government inefficiency.

Now, I am going to say something that my Democratic friends will not like. Perhaps I had better stay over here on the Republican side when I say it, because I am apt to say a good many things they do not like. It is my honest belief—but I do not believe it is the opinion of the people back home, because they are not close enough to the Government—that this administration has been the most bitterly partisan administration since the Civil War. The people back home probably do not believe this statement, because they see in the Cabinet Secretary of Agriculture Henry A. Wallace, a former Republican, and likewise Secretary of the Interior Harold L. Ickes, another former Republican; but I say that this administration, as far as I can find out, has for the first time violated the actual mandate of the Congress in the appointment of high officials in the Government service where the Congress has deliberately stated that these commissions should be nonpartisan.

The dismissal of William E. Humphrey as a member of the Federal Trade Commission on account of his politics was a grossly partisan act, and, in my opinion, inexcusable and indefensible. It is a repetition of the old story that "might makes right." To add insult to injury, Prof. James M. Landis, a member of the American Civil Liberties Union and one of the radical leaders of the "brain trust", was appointed to the vacancy on the Federal Trade Commission.

President Roosevelt has repeatedly ignored and violated the unwritten law that the minority party should have adequate representation on commissions or delegations sent to international conferences. The injection of such a partisan attitude is unfortunate and only amounts to sheer stupidity, as it actually promotes partisan retaliation on foreign affairs, where there should be as much cooperation as possible.

I refer particularly to the Reconstruction Finance Corporation as a striking example of the failure of President Roosevelt to comply with the mandate of Congress to appoint representatives of the minority party. The Reconstruction Finance Corporation is by far the most important of the Government organizations under the new set-up, under the new deal, or of the so-called "relief organizations." It has spent $5,000,000,000, possibly more, and, of course, in this respect it is more important than any two or three of the other organizations put together. Whom did President Roosevelt appoint as Republican member? The Reconstruction Finance Corporation was created by an act of January 22, 1932, and was amended by the act of July 1, 1932, which stated that it shall be composed of 7 members, not more than 4 of whom shall be members of any one political party.

Whom did President Roosevelt appoint as a Republican member? John J. Blaine, of Wisconsin. Mr. Blaine, who was a former Republican Senator, has the right to freedom of speech and of political action. He came out in 1928 and openly announced his support for Al Smith. In 1932 he announced his support of Franklin D. Roosevelt. I do not question his right in either case, nor do I blame the Democrats at all for loving him. I am simply saying—and I know you will agree with me—that he does not represent the opposition party, for he in no respect represents or can represent the Republican Party, having openly opposed its Presidential candidate in the last two elections. He has been appointed in violation of the spirit and, I believe, the letter of the law and the mandate of Congress as a Republican on this highly important Board.

As the other Republican member, the President has recently appointed Frederick H. Taber, of Massachusetts; I believe, a classmate of the President at Harvard. That, of course, is not against him but should be in his favor. He ought to know something and should make a fine director. Undoubtedly he is an honest man and an able man, at least, as one Harvard man to another, I am willing to take that for granted.

Mr. HENNEY. Does that put him in the "brain trust"?

Mr. FISH. He is a Roosevelt Republican. He supported Roosevelt in the last campaign. The law requires the appointment of members of the opposition party, of course, to represent the opposition party. We on the minority side do not count for very much anyway, but who are we going to see on the R.F.C. Board? If they allow us, we have a chance to go to the Democratic members or to Republicans who deserted the party, and I say, as a Republican, I would prefer to take my chances with the 100-percent Democrats. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. ELLENBOGEN. Mr. Speaker, I have for many months favored the guaranty by the Federal Government of the principal of the bonds of the Home Owners' Loan Corporation, and I am, therefore, in hearty sympathy with this idea. I have introduced several bills on the subject that include this provision. I may say, Mr. Speaker, that as far as this bill goes it is an excellent bill, and we should pass it, but the bill does not go far enough. For instance, the bill only empowers the Home Owners' Loan Corporation to issue bonds to a total amount of $2,000,000,000.

What are the facts? How much is required in order to relieve the distressed home owners in this country? There are in the United States 10,503,000 people who own their own homes. If they have mortgages against their homes that are in default they are eligible, under the terms of the Home Owners' Loan Corporation Act. Most of the mortgages that were given were short-time mortgages for a period of from 1 to 3 years. Since 1931 practically no mortgage money has been available, therefore, we can say that practically all of these mortgages are due today. It is a correct estimate, and perhaps a low estimate, to say that 75 percent of the mortgages are in default and that between one third and one half of the mortgages are in distress. About $12,000,000,000 of home mortgages are in default in the United States and from six to eight billion dollars in distress.

As of March 30 the Home Owners' Loan Corporation have received 1,146,933 applications, totaling $3,613,521,730. So you see that they have already received applications totaling nearly $4,000,000,000. Now, why empower the Home Owners' Loan Corporation to issue only $2,000,000,000, as this bill does?

Another provision that should be inserted is one providing for the construction of new homes. The building industry has a rate of unemployment larger than any other industry. Twenty-four Government agencies in Washington have made studies and have come to the conclusion that between 500,000 and 800,000 new homes could be built in this country during the next few years. The Home Owners' Loan Corporation is the appropriate agency to do this, because they have an office in every county of every State. I believe between one billion and one and one half billion dollars should be appropriated in addition to what is in this bill for the construction of new homes.

Mr. Speaker, the time granted me is too short to outline in detail the amendments and changes which should be inserted in this bill before it is passed. I refer you to the speech regarding this subject which appears in the CONGRESSIONAL RECORD of March 20, 1934, on page 4954.

Due to the fact that this bill was taken up under suspension of rules, no amendments can be offered, which I deeply regret.

I repeat, Mr. Speaker, that the bill is good as far as it goes, and therefore I shall vote for it. I only regret that we do not have the opportunity to offer amendments so as to improve it in those particulars in which I believe it is defective.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Speaker, in Ohio there are nearly a million home owners living in their own homes. Fully 250,000 of these are in distress. They owe taxes. They owe interest on mortgages. Their homes need repairs. In thousands of instances, mortgagees are insisting upon repayment of all or part of the mortgage. One hundred and twenty-five thousand have already made application to the Home Owners' Loan Corporation for relief. Twenty-six thousand have received relief. Nearly $79,000,000 has been disbursed in my State as of this date to distressed home owners. This is more relief than has been afforded by the Home Owners' Loan Corporation in any State in the Union. The cost to the Government is less than in any State in the Union except in Kansas and Indiana, being only slightly above the average cost in those States.

In Illinois as of March 16, 1934, notwithstanding that there are more home owners in distress in that State, only 1,017 mortgages had been disbursed in the sum of $4,354,000. As a matter of fact, the operation of the Home Owners' Loan Corporation in the State of Illinois is a scandal and a disgrace. There should be a congressional investigation in that State and from the State administrator down there should be a wholesale shake-up. In Illinois the Home Owners' Loan Corporation has proved to be the joker in the new deal. The operating expenses are highest there. The average cost to the Corporation per closed loan for the months of October, November, December 1933, and January and February 1934 are as follows:

Illinois: October 1933, $504.10; November 1933, $135.39; December 1933, $199.57; January 1934, $238.72.

It seems inexplicable that the average cost per closed loan should rise the longer the Corporation is in operation in that State. The only plausible theory would seem that so many politicians out there are being added to the Home Owners' Loan Corporation pay roll, traffic police should be employed to keep them from bumping into each other, or that salaries are increased, or both. And in February 1934 in Illinois the cost per closed loan had risen to the astonishing figure of $456—$456.19 of taxpayers' money expended for every loan to a distressed home owner in Illinois. During that same month in Ohio the average cost to the Corporation per closed loan was only $14.80. In October 1933 in Ohio, the average cost for each loan to a distressed home owner in my State was $95. Naturally, as the Home Owners' Loan Corporation began functioning in a speedier and more efficient manner that cost was reduced. The following month it was $32 and in January 1934, $14.89.

In Illinois up to March 23, 1934, 62,420 distressed home owners had made applications for loans. A pitiful few, about 1.4 percent, had received their loans. People of that State, filled with hope—perchance having listened to radio talks of Secretary Louis McHenry Howe—having read of the high purposes that motivated us to pass this beneficent measure, have applied for loans totaling $226,335,976, and have received $4,353,823. About 1.6 percent of the amount asked has been disbursed. This more than 10 months after the Home Owners' Loan Corporation came into existence.

Instead of a congressional investigation of a high-school superintendent who is a publicity hound—I refer to Dr. Wirt and his silly statements—Congress might well investigate the administration in Illinois of the Home Owners' Loan Corporation.

In Illinois in February 1934 there were 442 salaried field employees who closed a total of 181 loans. It took nearly three field employees in Illinois the entire month to close one loan. If this is not stealing taxpayers' money, then what is it? In Ohio during the same month 520 salaried field employees of the Home Owners' Loan Corporation closed 7,098 loans. Forty loans were closed in my State for each three field employees during that same month.

In New York in February 1934, the Home Owners' Loan Corporation had 760 field employees; 1,286 loans were closed during that month, each employee managing to close 1.69 of a loan all in 1 month. The average cost to the Corporation per closed loan in New York for February was $122.84. In November 1933 the average cost per closed loan was $440.14, and in December 1933 it had gone up to the tremendous total of $525.81. There can be no reasonable explanation for such a staggering expenditure. Instead of something "rotten in Denmark" we could well say there was "something rotten in New York."

Henry G. Brunner is the State manager of the Home Owners' Loan Corporation of Ohio. He has made and is making a magnificent record. He is, on his record, the greatest State manager in the entire country; and the fine men and women of my State who are employed in the Home Owners' Loan Corporation in Ohio are rendering real public service, fully concomitant with the high hopes we entertained in creating this great humanitarian corporation.

I am proud of the record of the Home Owners' Loan Corporation in my State. The record is so far ahead of that attained in any other State as to be outstanding.

In Ohio, as of March 16, 1934, the number of applications received: 124,439. Amount of applications: $144,780,799. Number of loans disbursed: 21,715. Amount of loans disbursed: $66,741,631.

In New York State during the same period only 68,172 applications were received, this being approximately half the number of applications that were made in Ohio. The Corporation was not functioning properly in New York, and distressed home owners, clamoring for relief, were not able in some instances to even have their applications properly filed. The amount of loans requested in the applications, however, was more than twice the amount asked in Ohio, being $345,857,638. During this period only 3,118 loans were disbursed in the sum of $15,152,655. Such relief is pitifully inadequate. The main office of the Home Owners' Loan Corporation in New York City is in the most magnificent office building in the world, the Empire State Building.

Ornate offices in magnificent buildings such as are in vogue in New York and Illinois should be eliminated. Democratic politicians with feet cocked on mahogany desks and reclining on luxurious davenports should be fired. Taxpayers should be considered. Distressed home owners should receive the relief we in Congress intended.

As Congressman at large from Ohio, I have carefully investigated and studied the operation of the Home Owners' Loan Corporation not alone in Ohio but throughout the country. The latest figures in Ohio to March 31, 1934, show that 25,295 loans for $77,893,083 have been disbursed to home owners. Four million dollars has been paid into county treasuries for taxes. In Pennsylvania to March 16, 1934, only 5,504 loans for $15,949,490 have been disbursed. In New York 3,118 loans for $15,152,655 were disbursed. To March 31, 1934, in the entire country 140,000 loans were closed for a total of $400,000,000. In addition the danger of losing their homes was removed or lessened for 540,000 home owners, whose requests for refinancing were being considered. The average amount of a loan to a home owner is $2,839. The average cost throughout the country to the mortgagor for his loan is $25; the cost varies slightly in some localities, being more in Illinois than in Ohio.

The Home Owners' Loan Corporation which we created by Act effective June 13, 1933, will, in its operation, do a greater business than any corporation in the United States. To many of our fellow citizens this organization and the hope it holds forth for the oppressed home owners burdened with taxes, is the most important feature of the new deal. Furthermore, the Home Owners' Loan Corporation in its functions comes right down into the homes of our citizens. When people meet with disappointments and rebuffs in connection with this they are bound to become skeptical of the achievements of our great President, Franklin D. Roosevelt, who first recommended to the Congress the enactment of this law.

The Home Owners' Loan Corporation of the entire country, taking the average of its work into consideration, is not functioning as it should. At its present rate of doing business it will take 4 years to relieve the distress of our country's two and one half million home owners who are in

need of aid. As a matter of fact, about 1,200,000 applications have already been made for approximately $4,000,000,000. It is clear that the Congress in its session next January must increase the amount in the authorization for bonds from $2,000,000,000 to $5,000,000,000. In fact, this should be done now. Otherwise, if it is definitely established that no expansion of this Corporation's activities will be permitted, that no more than the $2,000,000,000 already authorized as a bond issue will be forthcoming, then fairness to the taxpayers and home owners of our country should induce officials of the Home Owners' Loan Corporation to either eliminate thousands of applications already on file or stop receiving further applications. The pending measure should, in my judgment, be amended to provide an increase in the bond authorization from $2,000,000,000 to $5,000,000,000. In this connection let me say that the Home Owners' Loan Corporation Act and the authorization of a bond issue of $2,000,000,000 or $5,000,000,000 does not affect nor relate to the balancing of the budget. Guarantee of the principal and interest of the bonds outstanding and to be issued, of course, involves a liability on the Government. These bonds are backed by the security of American homes, and if the corporation is properly managed there will be no loss to the Government. Of course, if the Illinois policy should prevail, then there might be grave danger to the Government.

A fine constructive feature of new legislation proposed is the provision relative to funds for extensive repairs to homes upon which the Home Owners' Loan Corporation makes loans. The building industry is in deplorable condition. A measure should be passed to provide employment to many of the four or five million men in the building trades, most of whom are unemployed.

Before the depression the yearly average for new home construction was 20 times the present rate of construction. Proper administration of the Home Owners' Loan Corporation will go a long way toward maintaining and raising a standard of living in this country. In our cities we must do away with tenements and establish for all time a proper American standard of living in decency and comfort.

We are now eliminating a fundamental defect of the Home Owners' Loan Corporation Act by providing a guarantee by our Government of the principal of the bonds. We recognize a moral obligation and make it legal. The market value and marketability of Home Owners' Loan Corporation bonds will be enhanced. I consider this a most constructive measure and am happy to support it.

With bonds unconditionally guaranteed by the Government and backed by the full faith and credit of the United States, and, in addition, supported by the assets and property upon which loans are made, it will be seen that the additional factors of safety are likely to cause investors to switch from Liberty bonds and other Government obligations to H.O.L.C. bonds.

I note with pleasure that the interest rate will be reduced. The interest rate should be reduced to 3 percent. This would be in line with most securities issued by the Government. Profits accruing to the H.O.L.C. would be materially increased. Home owners should profit by reason of this differential. Instead of paying interest on their loans at the rate of 5 percent, the interest charge could be reduced to 4 or 4½ percent. There would still be a differential of 1 or 1½ percent to provide for the operating expenses of the Corporation and for the creation of a reserve fund to take care of any losses which might be sustained upon some of the loans.

All bonds of the H.O.L.C. heretofore issued at 4 percent without Government guarantee as to payment of the principal will immediately be recalled and new bonds bearing lower interest will be substituted therefor.

The Federal Home Loan Bank Board has adopted an unbelievably stupid policy in dealing with home owners who have secured home loans through the H.O.L.C. All mortgagors must remit interest payments and, later, payments on the principal as well to the treasurer of the Board, Patrick J. Maloney, at Washington. Few of these mortgagors have checking accounts. A great many do not understand the mechanics of making remittances by mail, and are compelled to consult with attorneys at an expense. In any event, they are compelled to go to the expense of purchasing postal or express money orders. Red tape of this sort should be cut. Certainly the Federal Bank Board should establish collection agencies in each State. Payments of interest and on principal will be facilitated as soon as a sensible policy is adopted and mortgagors are enabled to make payments in the cities and States where the loans are made, instead of sending on money to Washington. Success of the Home Owners' Loan Corporation is jeopardized even now by the red tape and restrictions imposed here in Washington.

In concluding I desire to pay tribute to Chairman John H. Fahey, of the Federal Home Loan Board. He is doing a big job. We ought to help him in every way possible. [Applause.]

Mr. WOLCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, I listened with great interest to the remarks of the gentleman who just preceded me, and it seems to me he has presented the finest argument I have yet heard for the incorporation in this bill of the Norris amendment.

I have never met Mr. Fahey, the head of the Home Owners' Loan Corporation. So far as I know, I have never seen him. What the history of his political affiliations has been I do not know and I do not care, but from what I hear of the man I believe he is trying to do a mighty important job in the best possible way. I know he is charged with the responsibility of caring for a situation in this country that means peace, security, and better health and home surroundings to hundreds of thousands of our poorer people. I believe he is fully capable of doing this to the satisfaction of everyone if he is left free to select his assistants without interference from those with political debts to pay. I know he is charged with the responsibility of saving for these people their homes. I know he is charged with the responsibility of making it possible for these more modest homes to have some of the latest sanitary improvements, and when he has this responsibility, I may say to you that he has the responsibility to some extent at least of preserving the health of the people living in these more modest homes.

I do not know that we Republicans are in a position to criticize the Democrats if, in the ordinary activities of the Government, wherever it is possible without interfering with or reducing the efficiency of the Government service, they put into office members of their political faith. We are not entirely guiltless of that procedure ourselves, but I think it is pertinent to this question to remind the Members of this body that every President this country has had since President Arthur has contributed most substantially, through Executive orders, to efficient Government service and to making the welfare, the livelihood, and the permanent employment of the employees of this great Government secure by transferring them to the class covered by the civil-service laws and thus move further and further away from the spoils system. Every such act by these Presidents has constituted a condemnation of the spoils system now being again set up in the transaction of the Government business under the direction of Mr. Farley.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. WOODRUFF. I shall put in the RECORD as a part of my remarks some data I have today received from the Civil Service Commission. If the Members are interested in this matter and will consult this data, they will learn that of all the Presidents we have had who have contributed to this splendid development President Wilson, that great Democrat and war President, contributed more than any other. Of course, he had the opportunity to contribute more, because the number of those employed during the war was vastly increased. While he was President, by Executive order, he brought 169,812 Government employees under civil service. President Theodore Roosevelt was next with 128,-

735, and President Cleveland followed with 49,179. The following table will be interesting, Mr. Speaker:

*Growth of the classified civil service during the administration of each President*

[NOTE.—Positions were withdrawn from the classified service in some cases by Executive orders and in others by acts of Congress]

| Administration | Positions added | Positions withdrawn | Net increase |
|---|---|---|---|
| Civil Service Act of 1883 | 13,924 | | 13,924 |
| President Arthur (Jan. 16, 1883, to Mar. 3, 1885) | 1,649 | | 1,649 |
| President Cleveland (first term, Mar. 4, 1885, to Mar. 3, 1889) | 11,757 | | 11,757 |
| President Harrison (Mar. 4, 1889, to Mar. 3, 1893) | 10,535 | | 10,535 |
| President Cleveland (second term, Mar. 4, 1893, to Mar. 3, 1897) | 49,179 | | 49,179 |
| President McKinley (Mar. 4, 1897, to Sept. 13, 1901) | 19,546 | 385 | 19,161 |
| President Roosevelt (Sept. 14, 1901, to Mar. 3, 1909) | 128,735 | | 128,735 |
| President Taft (Mar. 4, 1909, to Mar. 3, 1913) | 65,064 | 17,407 | 47,657 |
| President Wilson (Mar. 4, 1913, to Mar. 3, 1921) | 169,812 | 4,297 | 165,515 |
| President Harding (Mar. 4, 1921, to Aug. 2, 1923) | 2,014 | 514 | 1,500 |
| President Coolidge (Aug. 3, 1923, to Mar. 3, 1929) | 20,372 | 7 | 20,365 |
| President Hoover (Mar. 4, 1929, to Mar. 3, 1933) | 35,509 | 111 | 35,398 |
| Total | 528,096 | 22,721 | 505,375 |
| Less number of positions included in reduction in force on June 30, 1923 (approximate) | | | 38,214 |
| Total number of classified positions on Mar. 3, 1933 | | | 467,161 |

I have looked with no little alarm, I may say, Mr. Speaker, upon some things that have transpired since the present administration has been in office. The first thing that was done in the name of economy was to discharge many thousands of Government employees, practically all under the civil service.

If the services of these employees were not needed, to discharge them was, of course, the proper thing to do. However, the administration had a very definite expansive program in mind which Congress proceeded to put into effect with great promptitude. Various alphabetical organizations were almost immediately established. According to the best information we have, more than 46,000 Government employees were added to the pay rolls since the 4th of March 1933, while thousands of experienced, capable civil-service employees were walking the streets of Washington and other cities in the United States looking for work that was not to be had. But few of these have been given employment in the new activities, and it is common knowledge here that those who were employed found it necessary to secure powerful political endorsements.

It seems to me that if there was any regard for efficiency of Government employees under the leadership of Mr. Farley, the Postmaster General, the man who is charged by one newspaper correspondent as being the "Jobmaster General", places would have been found for thousands more of these worthy discharged civil-service employees, many of whom have reached an age where finding employment elsewhere presents a most serious problem, notwithstanding their ability to satisfactorily and efficiently do the work required in the various Government activities. So far as I can recall, there has never before been such a determined effort to wreck the entire merit system in Government service and set up in its place a spoils system, which only a disciple of Tammany Hall could conceive.

From what we see and hear, it is apparent to us that an attempt is being made by Mr. Farley to tammanyize the entire United States. If there had been any doubt about this, the thought would have been dispelled by the action of the House Committee on Banking and Currency in striking from this most important and far-reaching bill the Norris amendment which seeks to remove the activities of the Home Owners' Loan Corporation from the spoils system.

Bill after bill has come before this House providing for additional activities by this Government, and in almost every instance the Democratic majority has had the brazenness to provide that appointments of officials and assistants shall be without regard to civil service rules and regulations.

I had thought there would be a limit to where this practice would be carried. I had hoped that in any activity so closely touching the welfare, the health, and happiness of the women and children of this country, the majority would suppress their desire for political patronage, but apparently I was mistaken.

The relief extended under this bill to be effective must be extended in the immediate future. For this reason civil service examinations and regulations would be too cumbersome; they would cause too much delay. Because of this, I do not believe all these employees can be selected in this way. There are, of course, many thousands of idle, qualified men and women holding civil service status in Washington and elsewhere. From their ranks many could be selected, but Mr. Fahey should not be held to abide by such restrictions in every instance, or be handicapped in his selections of efficient assistants by the demands of the spoils system.

He is known as an efficient and honest executive. To accomplish the results he and the country want accomplished, he must be given authority to hire and fire without being subjected to pressure from the politicians; to hire those whom he believes most efficient, and to fire those who prove by their activities to be inefficient. In no other way can this important work be done in a way that will reflect credit upon the Government of the United States. Give him this authority and the responsibility will be his. If he is not given such authority there will be not only a tremendous waste of money, but also a loss of time, which in thousands of instances will result in the loss of homes.

We will have no opportunity to vote to include the Norris amendment in this bill today. However, we will have an opportunity to speak our minds on this question in no uncertain way when the bill comes back to the House from conference, and I hope when it comes that if the House conferees have not yielded to the Senate conferees on this amendment, a majority of this House will demonstrate that there are some things in the Government service which spoilsmen shall not do.

Mr. Speaker, there will be few votes against this measure. Everyone, I think, realizes how important it is to the welfare of many of our good citizens that the measure be adopted without delay. There are many of us who will vote for it hoping that when it comes back from the Senate the conferees will have yielded to the express wish of President Roosevelt that the Norris amendment remain as a part of this measure, and that it may be the measure through which the prayers of distressed home owners everywhere may be answered.

Mr. STEAGALL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BROWN].

Mr. BROWN of Michigan. Mr. Speaker, I want to address myself in the few moments I have to some of the fundamentals of this bill. I want the Members of the House to know that there are at the present time applications for $3,000,000,000 of loans of this type and we have but $2,000,000,000 with which to do this. According to the testimony of Mr. Fahey, the Chairman of the Home Loan Owners' Corporation, approximately 30 percent of the applications will be rejected.

This demonstrates that there is at the present time a greater demand for money and bonds than we have appropriated. There is no question, Mr. Speaker, but that the money and bonds we have now appropriated and provided for will be sufficient to take care of all that can be taken care of in due course between the present time and the opening of the next session of the Congress, but at that time there will undoubtedly be wide-spread demand for further appropriations.

In the present bill we have extended somewhat the powers of the Corporation. We have extended them so that repairs may be made to homes upon which Home Owners' mortgages now exist. We have extended them so that losses of homes which have occurred since 1930 may be included under the bill. We have extended relief to those who are at present in default by reason of unemployment. We have restricted the application of the bill in a very important manner. By subdivision (1) of section 2 of the bill we have provided that hereafter no loans will be made to any person unless that person is in default and unless he is unable to carry or finance his mortgage elsewhere.

An abuse has arisen by which persons who were well able to finance their homes applied to the Corporation and some have obtained loans. This has been done because of the low rate of interest.

Mr. DONDERO. Will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. DONDERO. Does not the gentleman think that part of the $3,000,000,000 of applications that have been filed come under just that kind of classification, where the application has been made in the hope that the loan may be granted, and where they are able to finance their own loan somewhere else, but because of the fact they would have to pay a higher rate of interest they will not do it.

Mr. BROWN of Michigan. The gentleman is absolutely right, and by the provisions of the change to which I have referred, it is now impossible for that abuse to be continued. We have provided that the applicant must be in involuntary default and unable to carry or refund his present mortgage indebtedness.

As to the political controversy in the debate, I have nothing to say but this: I voted for the Norris amendment in the Banking and Currency Committee. With other Democrats, I regretted that I could not go along with my colleagues in the majority, but I think the House should know that there was Democratic support in the committee for the Norris amendment.

Mr. STEAGALL. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. BRUNNER].

Mr. BRUNNER. Mr. Speaker, it is apparent that the only point at issue in the consideration of the bill is the question of patronage. I was glad to hear that one Member on the other side of the aisle was willing to admit that to the victor belongs the spoils.

I am also happy that that Member comes from my own State.

New York State has, as its administrator of the Home Loan Act, Vincent Dailey, who is a Democrat and is acting chairman of the State Democratic Committee. I am happy to state that he and his appointees, whom I am also willing to admit are mostly all Democrats, are administering this law in a very efficient manner and with credit to themselves and the new administration.

Mr. Dailey has perfected an organization that is working very smoothly, and I desire to quote some figures to substantiate my statements.

Applications received, up to March 30, 1934, 74,010, of which 53,837 have already been appraised and 31,918 consents to accept bonds have been attained. Seventeen thousand one hundred and sixty-nine loans, aggregating a total of $85,845,000, have been completed.

So I am again happy to remark that we in New York State are glad that a Democrat of the type of Vincent Dailey was appointed as the State director.

I regret that it is impossible, under the procedure, to offer amendments to this bill, because there are many amendments that I would like to offer, some of which are as follows:

Bonds should bear interest at 3½ percent instead of 4 percent.

Mortgages should bear interest at 4½ percent, whether such mortgages be made by bonds or cash.

The cash loans should be increased from 40 to 50 percent.

There should be no limit as to the value of the home upon which mortgages can be placed.

It should be possible for the Home Owners' Loan Corporation to loan to the home owner in cash, for repairs, an amount not to exceed 5 percent of the mortgage being placed by the Home Owners' Loan Corporation, but in no event should this amount exceed $500.

In cases where a home is owned by a corporation, stock in which is owned exclusively by the occupant, loan should be permissible.

Amount of loan should be increased from $14,000 to $20,000, but in no event over 80 percent of the assessed valuation.

In conclusion, permit me to state that the Home Loan Act has not only relieved the individual home owner and the holder of the mortgages, but it has also in a great measure aided the various cities and municipalities, because when these loans are made it is necessary to pay up the back taxes, and in our city alone over $300,000 have been paid into the treasury of the city of New York for back taxes, and it is estimated that over $5,000,000 will be paid into the same fund for back taxes and assessments before another year passes by.

In my own district, the second of New York, over 15,000 home owners have made applications for these loans and most of those would have lost their homes in which they had their life's savings invested were it not for this act.

Mr. LUCE. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, I directed a question to the chairman of the committee with reference to delinquent taxes on homesteads, and, knowing the gentleman's familiarity with the legislation and the proposed amendment, I want to pursue my inquiry. The gentleman will recall my reference to tax delinquencies in two cities. That is what I am concerned about. I want to ask his opinion on the administration of the law, particularly with reference to delinquencies and the interpretation of the Home Loan Corporation as to when delinquent taxes become distress within the meaning of the law.

Mr. STEAGALL. That inquiry goes to the extent of my asking the gentleman a question. My own opinion is that it is when a home owner is in danger of losing his home through forced collection of taxes.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by inserting two telegrams in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

The telegrams are as follows:

RACINE, WIS.

Congressman G. W. BLANCHARD,
*Washington, D.C.:*

1933, $1,294,699.40; 1932, $940,327.39; 1931, $283,062.13. These amounts are as of December 31, 1933. Estimated percentage of delinquent taxes on homesteads, 60 percent.

MARTIN CHRISTENSEN.

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Hon. G. W. BLANCHARD,
*Congressman:*

Figures relative to delinquent taxes owed on homesteads in city of Racine are as follows, approximately: 1930, $50,000; 1931, $445,000; 1932, $469,000. Exact figures can be obtained by us if you so wish.

WM. PAYNE,
*Wisconsin Home Owners Racine Unit.*

Mr. BLANCHARD. The figures for the city of Kenosha, Wis., show correspondingly high increases over the same period of years. And this same condition prevails in municipalities throughout the entire country. The situation is appalling. The individual home owners who through unfortunate circumstances are unable to pay their taxes are not the only ones concerned. Every person in these cities and villages is affected. In addition to that, the finances of the governmental unit are vitally affected. The interpretation of the law must be liberal enough to extend relief for these people so that this money may be made available for the ordinary and extraordinary expenses cities and villages are called upon to meet. The relief load is terrific, and the burden is aggravated because of delinquent taxes. Until a method of meeting the delinquent-tax problem is adopted we cannot expect municipalities to continue to carry the load. If the present law and the regulations are insufficient to meet the situation, it is my purpose to introduce a bill to provide definitely for the financing of these tax obligations. Complete and adequate relief to the home owners cannot be extended until this problem is met.

The Home Owners' Loan law has saved thousands of homes. The liberalizing amendments now under consideration will correct some very apparent defects in the law. Despite the fact that this bill is not open to an amendment

which I should like to offer to clearly set forth my ideas on financing for delinquent taxes, I do not hesitate to give it my unqualified endorsement.

Mr. STEAGALL. Mr. Speaker, I yield now to the gentleman from Texas [Mr. BLANTON] such time as he may require.

Mr. BLANTON. Mr. Speaker, there exists between the House and the Senate a splendid feeling of friendliness and good will. The Senate never interferes with any privileges or prerogatives of the House, and the House never interferes with any privileges or prerogatives of the Senate. Each body minds its own business. Hence it is natural that the House and Senate get along well together.

If the House were to attempt to take away from the Senate the right of Senators to name district judges, or district attorneys, or collectors of internal revenue, or United States marshals, or any of the other officials in States which for so many years have always been named by Senators, the Senate would resent it, and trouble would arise immediately between the two Houses.

And on the other hand, Mr. Speaker, if the Senate were to attempt to take away from the House the right of Congressmen to name the few county and district officials in their districts that Congressmen now name, the House would resent it, and there would be trouble between the two Houses.

What is known as the Norris amendment relating to the bill now before us, Mr. Speaker, must have been hurriedly proposed, and passed without being seriously considered, because if the Senate had realized that it did not in any way affect any privilege or prerogative of any Senator, but affected only the privilege and prerogative of Congressmen and that nothing was to be taken away from Senators, but everything was to be taken away from Congressmen, neither the author of such amendment nor any other Senator would have stooped in giving affront to the House.

Realizing full well all of the above, Mr. Speaker, our able, courteous, and most efficient Chairman of the Committee on Banking and Currency [Mr. STEAGALL] and his committee properly and promptly struck the said Norris amendment out of this bill, because under no circumstances could such an amendment pass this House. It would have taken away from the 311 Democratic Members of this House the privilege they now enjoy of naming the county appraisers and attorneys in their respective districts for this home-loan organization which Congress created and has caused to function.

Our Republican colleagues in this House are good sports. They realize that appointments are made by members of the dominant party in power. They take their medicine bravely when they are in the minority. They may hope for better times, but they are not envious. They do not covet that which their colleagues won through elections. They would fight to preserve the prerogatives of House Members. While they are out just now, and we Democrats are in, they will be just as jealous in protecting our rights as we Democrats would be in protecting their rights were our positions reversed in the House.

I therefore believe, Mr. Speaker, that when the full significance of the Norris amendment is brought to the attention of the Senate, both its author and the Senate will unanimously approve the action of the House in striking it from the bill.

The matter arose, Mr. Speaker, in this way: Some of the State managers conceived the idea that they would like to do all of the appointing themselves. Naturally, they have many friends and acquaintances to whom they would like to give jobs. These State managers would much prefer to have all of these jobs held by their own personal friends than by deserving citizens selected by Congressmen. And they raised this camouflaged sham cry of "taking the jobs out of politics."

Their position is, that if we will allow them to appoint their personal friends, there will not be any politics in it. There will be politics in it only when Congressmen do the appointing, according to their notion. This howl of "politics" has come from State managers. They do not seem to realize that politics caused them to have the jobs they hold. They do not seem to realize that just as they received jobs through politics, they can lose such jobs through politics. And if they raise any more howls, I will be in favor of promptly removing every last mother's son of them.

For the 19 appraisers and the 19 attorneys in my 19 counties, I have specially hand picked and carefully selected 38 of the finest men in my district. They are all men of strict honor and integrity. They are all men of business experience and high intelligence. All of them stand high in their home city and county. All of them have the respect, confidence, and esteem of their neighbors. All of them will favorably compare and match up with State Manager James Shaw in education, honor, integrity, ability, business experience and qualifications, dependability, and loyalty to our administration and to this Government. And I would rather see Jim Shaw lose his job a dozen times, than any one of the 38, for they are my close friends, and I will fight for any one of them.

If these State managers will attend to their own business and will remember that they were created by Congress and that if they attempt to double-cross any Congressman it will not be a very hard matter for Congress to uncreate them, they will render better service and be more valuable to the Government.

In providing through this bill for these home loan bonds to be guaranteed by the Government we are now doing what I insisted should be done when the act was first passed. And if we had guaranteed these bonds in the beginning, we would have saved many homes for worthy families which they have lost simply because those holding mortgages against their homes would not accept these bonds in payment. The loss of so many homes has been most distressing. I feel gratified, indeed, to realize that the action we are now taking in passing this bill that will guarantee these bonds will save thousands of homes all over the United States. It is going to accomplish much toward our economic recovery. Every head of a family who is about to lose his home is frantic and desperate. Realization that it is his Government that saves his home for him and stops foreclosure and sheriff's sales and gives him an opportunity to pay it out creates renewed loyalty and love of country.

Mr. Speaker, I yield back the remainder of my time, and ask unanimous consent to extend my remarks and to incorporate later some excerpts I want to put in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I yield now to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Speaker, as has been stated, this bill, S. 2999, is designed to expedite relief through the operations of the Home Owners' Loan Corporation to that worthy class of our citizens who are financially in distress with respect to the ownership of their homes. It is further designed to aid in a general way home financing by financial encouragement on the part of the Government to local thrift and savings institutions which have against great odds been able to function throughout this depression. It also provides means of improving homes, which in turn calls for the employment of labor. It is, of course, purely an emergency measure and should not be depended upon to solve all home-mortgage problems. Since this legislation involves the utterly sacred responsibility of dealing with the maintenance of home ownership, it is necessary that every possible means of speeding its operations be employed. In my opinion it should also be entirely removed from the field of politics, for one man's home is on the average as sacred and essential as another man's. But for the parliamentary situation I would propose and support the Norris amendment. I am hopeful that it will be agreed to in conference. Under the present management of the Corporation I am convinced that the one grand goal ahead is to carry out as fairly and expeditiously as possible the true purpose of this bill. Those who are familiar with what has

taken place under the leadership of Mr. Fahey, the present chairman, are obliged to confirm this judgment.

The present home-financing program of the Federal Government is characterized by two aims: First, that of relief as an immediate emergency measure; and, secondly, a long-time, permanent, stable home-financing system. The permanent features in the long run should and no doubt will be the more important. The relief aims embodied in the Home Owners' Loan Act may be justified from a national paternalistic point of view when one looks into the history and background of the formation of our country. I need not tell you of the great and important part which the family has played in our democratic institutions, nor need I dwell upon the home as one of the basic necessities of the family. Were there no homes, there could be no government, and the first duty of any government is to use every reasonable and practicable means within its power to protect the honest and worthy home owner. Continuous foreclosures and ouster proceedings will certainly continue to breed unrest and discontent and militate more effectively against recovery and reconstruction of our social and economic system than any other single factor.

America's record for home ownership is outstanding. The land hunger which caused many people to migrate to America and build up this country to its present position of dominance has been one of the motivating impulses in our development. The home idea, not alone in its sentimental aspect, but in the family unit, has played a very real part in our whole social program, and it has been particularly associated with the political idea of democracy. With this background it is only natural that when the foundation stone of our country is threatened sentiment should be quickly crystallized in the passage of laws to assist individuals to keep their homes. Such, briefly, was the social background of home ownership prior to 1933.

The economic background which brought the necessity for Government relief was characterized by foreclosures, many of which were due to a lack of social responsibility on the part of creditor institutions, resulting first from what has been known as the depression, and, second, from the unsound, unstable, home-mortgage system built up during the decade from 1920 to 1930, a mortgage system which was designed and conceived for the primary purpose of profit, and which was not as a whole built to ride through a depression. In many instances exorbitant interest rates and unconscionable brokerage fees have made it almost impossible for the wage earner and small-salaried business man to get out from under the yoke of the mortgage. The past 4 years have shown us the glaring injustices and weaknesses of this mortgage system, and both the emergency and permanent programs have embodied in them some of the proper essentials for a sound system based upon this experience. Continued effort on the part of the Government to provide an adequate and sound system through financial encouragement and assistance is desirable and imperative.

May I divert here, by way of emphasis, to state that the home-loan bank system, with a small capitalization of only $125,000,000, has outstanding today in loans an amount in excess of the Federal Reserve System with assets of over seven and one-half billion dollars. Is not that a deplorable commentary to reflect upon?

The Home Owners' Loan Act of 1933 provided for emergency relief for home owners in distress. We are not proud of the work the Corporation has done thus far. There have been many abuses of the spirit, and probably of the letter, of this piece of legislation, and it is high time that it be so amended that the people who are entitled to the benefits of relief are not discriminated against by allowing their more economically fortunate brethren to chisel in and take away the relief which Congress in its wisdom provided for the economically unfortunate. The Chairman of the Federal Home Loan Bank Board stated to the committee during the hearings on the bill now before us that half the folks who have obtained relief were not entitled to it.

After all, we have at the present time a home-mortgage debt of $21,000,000,000, the largest single block of private or corporate indebtedness in this country. It is folly to think that with the $2,000,000,000 available under the Home Owners' Loan Act all who wish to refinance with a Government agency should be able to do so. In fact, when one considers that during the years 1926 to 1929 building-and-loan associations alone loaned on the average of about $2,000,000,000 per year, and that there were other private home-financing institutions lending enormous sums at the same time, it is obvious that private capital will always be the chief basis for a permanent system of financing home ownership. Certain sections of the present bill, as I will indicate later, will assist in developing sound and economical private sources of funds, thus leading to stability in the long-time aspects of home-ownership credit.

The two major problems in home ownership are: (1) The proper credit and service for existing homes including the protection of savings, and (2) the employment and housing phases embodied in the encouragement of new construction. The present bill is pointed toward the first problem and merely touches on the employment aspect. Probably later legislation will deal more particularly with that phase. Increased employment, wherever such employment can render a constructive service, is of course to be encouraged in every possible way. However, programs designed to relieve employment must be examined somewhat critically to see that they are constructive rather than destructive, especially if they directly affect the interests of our wage-earning class.

It is, therefore, appropriate to point out that practically all of the home financing in the future, as well as in the past, must be made available through the regular savings of a large number of people of small means. These savings are placed in their local cooperative institutions and in turn reloaned to their neighbors.

It is as important that the savings of these people be protected and the earnings on those savings be adequate, as it is for their neighbors to be protected in their home-financing programs. We should do all we can to encourage these people to continue to save so that their neighbors will continue to have the funds through which they can own their homes. In fact, many of our present home owners have had to save a long time before they were able to finance their own home ownership. Many of them are still treading this path of savings at the present time, and their future home ownership will depend to a great extent upon the safety of their savings. These humble wage earners who are laying aside a part of their salaries each week or month must be assured a sufficient return to encourage them to continue saving.

I am not concerned about efforts to limit the return on capital exacted by our big bankers and prominent financial interests. I know that in any event they will manage to take care of themselves. I am, however, convinced that caution should be used in hammering down the possibilities of earnings of the wage-earning saver who intrusts his money to his local home-financing institution, and I maintain that we should resist efforts to place that wage earner's government in competition with him, save in exceptional circumstances such as we have witnessed for the past 3 years, so that the return which he deserves on his savings is not lowered to a discouraging point. It is part of our duty to see that funds are supplied to the home owners of the Nation at equitable rates, yea, the best rates consistent with good social policy and sound business methods; but at the same time we must not lose sight of the justice due to the small saver who must continue to furnish the bulk of the funds for home ownership.

It is implicit, therefore, that in a sound mortgage program coupled with a relief program we must not lose sight of the fact that the present ills arising from mismanagement of the relief aspect may discriminate against the savers.

The employment phase, about which a great deal of comment has been heard in the past, is not developed in this bill.

Before there will be any new construction, it will be necessary for people to feel secure in their ability to build and own their own homes. In a great number of sections of the country there is little or no need for the construction of new homes. All of us know that legislation of a hypodermic or one-shot variety will not greatly assist employment. Unless necessity for such employment arises from a legitimate type of borrowing and a real demand for houses, we are apt to find an oversupply which cannot be absorbed by those who have the ability to pay for them. Such building will then tend toward greater chaos in the home-mortgage financing situation rather than to a betterment.

The original Home Owners' Loan Act of 1933 was designed with the assistance of able minds in lengthy conferences with many of our leading home-financing authorities, including Morton Bodfish, former member of the Federal Home Loan Bank Board and today executive director of the United States Building and Loan League. It was expected that the job of furnishing relief to home owners in distress would be done in 6 months. It has been said, however, that one of the important reasons why this prediction was not fulfilled was the fact that the bonds of the Home Owners' Loan Corporation were not guaranteed. This has had its hurtful influence, but in that connection I should like to point out that even before there were any rumors or proposals of the guarantee of the bonds there were 600,000 consents to take the bonds on file. Making those loans would have practically exhausted the lending capacity of the Corporation, except that from performance to date it can safely be said that half of them were not eligible under the intent of the legislation.

Failure of this refinancing program resulted largely from two factors; first, the lack of efficiency in administration, and, second, the inability of those who were intrusted with the relief duties to take care of people in distress. On the contrary, many managers and employees of the Corporation would not consider the applications of those who were unable to pay at the present time and who, therefore, clearly qualified under the distress provisions of the act. They further discouraged the completion of refinancing with the Corporation by basing appraisals on forced markets rather than long-term normal values. It can help little, however, at this hour to parade the way its affairs have been conducted in many branch offices throughout the country. Even so, I have been interested to note that no little of the clamor against the operations of the Home Owners' Loan Corporation has come from those people who merely wanted a mortgage from the Government and who did not qualify under the distress aspect of the relief work.

Taking up the various sections of the bill in order, let us see just how they contribute to both the emergency and the permanent aspects of our home-mortgage problem.

Section 1: The Home Owners' Loan Act of 1933 is amended so that all Home Owners' Loan Corporation bonds after the passage of this bill would be guaranteed both as to principal and interest, with a maturity of 18 years. For obvious reasons this is proper and wise. Both the corporation and the Secretary of the Treasury may buy and sell these bonds in the open market, or the Secretary of the Treasury may, as a public-debt transaction, purchase the bonds from the Home Owners' Loan Corporation. The interest rate on these bonds may not exceed 4 percent, and they will probably be sold at or near Government bond interest rates. Additional devices are provided to make the bonds more marketable. The old bonds, or commitments for these bonds, are not guaranteed, but may be exchanged for the new bonds within 12 months after the amendment takes effect. The interest rates on the bonds exchanged will be reduced probably to the same rate as that of the new bonds.

Section 2: Paragraph L, inserted in the original act as an amendment, helps to separate the sheep from the goats. This section is particularly important in preventing borrowers from defaulting on their loans so that they may apply for a Home Owners' Loan Corporation mortgage. It states specifically that the borrower whose default dates from June 13, 1933, must prove that such default is due to unemployment or economic conditions or misfortune beyond his control before he can hope to have his application examined by the Home Owners' Loan Corporation.

Paragraph M has a twofold purpose in that it will assist unemployment and at the same time make the mortgages of the Home Owners' Loan Corporation more secure. It allows the Corporation to advance money to its own mortgagors for purposes of rehabilitation, modernization, rebuilding, and enlargement of the homes financed. Mortgages on ramshackle homes are not the best type of security. By allowing borrowers to thus make their homes more presentable a greater incentive to repay will be developed and at the same time the labor employed will be financed in a sound manner. The materials sold as a result of this financing will also come from an effective and sound demand. The Corporation will be amply secured for these new advances.

Section 3: An amendment to section 4 (d) of the original act eliminates one opportunity for chiseling by the unscrupulous. It still permits the Corporation to extend leniency to those who deserve it, especially during this aftermath of the depression, but it closes one loophole whereby those who were able to pay their debts to their Government as they did to anyone else, are required to do so on the extremely favorable terms which this legislation provides. After this amendment there will be no opportunity for a free ride for those who are perfectly capable of making their payments.

Section 4: Section 4 (g) of the Home Owners' Loan Act of 1933 is amended so that unfortunate home owners who lost their homes as far back as January 1930 through foreclosure and surrender of possession, may be given relief by the Corporation. The original act was well conceived in this connection but did not go back far enough, because the wave of foreclosures and lost homes began in January 1930. After this amendment there will be no discrimination against those home owners who lost their homes early in the depression as compared with those who had the same misfortune later on.

Section 5: Section 5 assists in spreading the idea of the local and cooperative community service institutions which have been of such great importance in home financing for the past hundred years. These institutions organized under the Federal Government's charter are similar to the New England mutual savings banks and our North Carolina building-and-loan associations. At this time there have been already chartered some 300 of the Federal savings-and-loan associations, and this section is intended to help match the money put up by local capital. This will put the Federal-chartered institutions in a better position to take care of home financing and will give local citizens an even greater incentive to invest in home financing. This is not a relief measure but one which will be of great assistance to a permanent, stable, home-financing mortgage system.

At the beginning of the depression there were some $21,000,000,000 in home mortgages. The largest single source of this type of financing was the local cooperative building-and-loan association with its total of around $8,000,000,000. The other billions came from commercial banks, insurance companies, guaranty-mortgage companies, and private investors. Private investors will probably be back in the field, but they were never important factors as compared with institutional sources, and for a long time their operations are going to be of minor importance. In any event, the market for mortgage money here has always been pretty disorganized and costs have been high.

It is safe to say that commercial banks are definitely out of the home-financing picture and cannot be relied upon in the future. Those who went into it excessively are even no longer in the banking business, and the banks that are left, according to evidence accumulating on every side, are not going to make the required type of long-time home mortgages. They are out of the mortgage business.

The least said about guaranty-mortgage companies the better. It will be years before even the debris of this type of financing is cleaned up, and we can safely say that there will be no more home financing available from this source.

Insurance companies may be back in the field again, but evidence seems to point to the fact that they will be slow in entering it, and when they do come back their policies are going to be so extremely conservative that they will be of little assistance to the ordinary citizen who wishes to purchase his home and pay off his mortgage largely from his weekly or monthly salary. We are brought inevitably to the conclusion that the sole source of an important amount of home-mortgage funds which has continued right through the depression is the local cooperative building-and-loan association. We are going to depend on those institutions gathering in the savings of the community and relending them in that same community to the neighbors of the savers for a far greater portion of the home-financing credit hereafter. It behooves us, therefore, to give every encouragement to the further development of this source of funds. An advance of the Government through these associations is a little bit more than priming the pump. It is an acceleration of a stream that has continued to flow, but which must be enlarged, and the unique thing about this proposal is that the money so used is certain to be paid back with adequate return to the Government.

Paragraph (k) will permit any building-and-loan association or member of a Federal home-loan bank to be employed as a fiscal agent of the Government. This is desirable from every point of view, and it may be that it will be found advantageous to permit these institutions to assist in collecting the loans of the Home Owners' Loan Corporation. Possibly experience will dictate that the liquidating operations of the Corporation can be carried out more economically in this way than any other, especially since they reach into practically every community where the Corporation operates, and it would therefore maintain excellent contact with its borrowers.

Section 6: This section provides for the method of conversion of savings, building-and-loan associations operating under a State charter to a Federal charter. In many localities it has been felt that there would be an advantage in coming under Federal supervision because of the public-confidence features of that type of supervision. This does not change the essential operations of these institutions, and conversion is purely voluntary, the decision to be based on which type can best serve the community.

Section 7 amends the eighteenth paragraph of section 13 of the Federal Reserve Act by including Home Owners' Loan Corporation bonds and Federal home-loan bank bonds as eligible security for 15-day loans to member banks according to the terms of this section. This should assist in relieving the greatest unemployment problem in the country by helping to put to work the enormous mass of sterile capital in the commercial banks through tapping it for the above-mentioned bonds.

Section 7 (b) amends section 14 (b) of the Federal Reserve Act to insure further marketability of these bonds by making them eligible for open-market operations of the Federal Reserve.

Section 8 allows the Federal Reserve banks to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

Section 9 authorizes the Home Owners' Loan Corporation, through the issuance of its bonds, to purchase the bonds or debentures of the Federal home-loan banks. The amount is limited to $50,000,000, but in my opinion it ought to be $150,000,000. The funds will be used by the Federal home-loan bank system in increasing the total amount of credit available on a sound, economical basis to home financing in the United States. The further development of this reserve system for home-ownership credit is an essential part of the long-time program.

Section 10: This section makes eligible as security for advances from the home-loan bank system home mortgages which may be perfectly sound but which, due to a technicality in the original Home Loan Bank Act were interpreted to be ineligible.

Section 11: This increases the amount of money which is available for encouraging local thrift and local home financing and the development of Federal savings-and-loan associations or similar associations organized under local laws. It will assist materially in this phase of the program.

Section 12: This section provides appropriate punishment for racketeers who would defraud would-be borrowers from the Home Owners' Loan Corporation by charging fees to secure advances from this governmental agency. Evidence has accumulated that there has been a substantial amount of this type of racketeering, and the amendment strengthens a similar section in the original act.

Section 13 provides that payments upon principal of loans made by the Corporation be applied to the retirement of the Home Owners' Loan Corporation bonds. It helps to protect the Government in its guaranty of these bonds by reducing the amount outstanding as payments on loans are received.

Section 14: This section amends the Federal Farm Mortgage Corporation Act in harmony with the amendments of the Home Owners' Loan Act by specifying that the amount of bonds issued will not be in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of the bonds.

Section 15 is the usual separability provision.

Mr. LUCE. Mr. Speaker, I yield now to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Speaker, and ladies and gentlemen of the House, I am glad the Committee on Banking and Currency has seen fit to bring out this bill, S. 2999, which, among other provisions, guarantees the bonds of the Home Owners' Loan Corporation. I feel this will go a long way toward the saving of homes.

Mr. Speaker, with the discontinuance of the Civil Works Administration and the inauguration of its successor, the Relief Works Division, it seems advisable to consider the lessons learned from the experience of those who have been in direct contact with the C.W.A., such as the local administrators, foremen, and those who were employed on the projects.

For the purpose of analysis, I am pleased to select Lawrence County, Pa., one of the three counties in my district, having a population of less than 100,000 people. L. B. Round, the C.W.A. administrator and director of the Civil Works program, has made a very enlightening report of the Civil Works program in that county at the conclusion of the same. He also makes some very pointed comments on the policies now effective under the R.W.D. His statement concerning the C.W.A. is as follows:

THE FINALE OF THE C.W.A.

The Civil Works Administration is now definitely ended. It may not have been perfect, but it is the belief of many that, out of all the experiments we have tried, it will prove to have been one of the most lasting in its benefits.

The number of persons on relief rolls or unemployed in this county last fall was approximately 12,000. Of this number a maximum of 3,600 were put to work. This resulted in wage earnings for the period totaling nearly $600,000.

In the city of New Castle alone $300,000 has been paid. This money has been paid for useful work.

The repair, construction, and reconstruction of public buildings and roads, while expedient and of general benefit to the taxpayer, has never, in the judgment of your administrator, been the prime purpose of the C.W.A. Therefore, we have confined the major portion of our effort to the development of public parks, playgrounds, and recreational facilities, the elimination of traffic and life hazards, flood control, soil erosion, and the development of school grounds along esthetic and cultural lines.

While the benefit of this work might not be presently apparent the benefit to all our citizens is, nevertheless, lasting. A few weeks' more work and it will not be necessary for our people to leave town in order to enjoy the esthetic, cultural, and healthful recreation offered in a well-planned park system.

It should never be forgotten that these works were performed during the rigors of one of the most severe winters ever experienced in this locality. As favorable conditions make possible an inspection of these projects we feel sure you will agree with us that the work must ever stand as a monument to the courage and fortitude of the workers who wrought them.

The job of administrator has not only proved to be an opportunity for service but a wonderful experience, too.

We have not only tried but we have applied to the task every faculty at our command, even to the limit of our physical endurance. Mistakes have been made, undoubtedly, but back of every thought and deed has been the ideal of service to our less fortunate brethren.

We have played no favorites; there has been no personal preference; politics has in no way been permitted to interfere. No personal advantage has accrued to us in any way, shape, or form. The salary was stated at $1 per year and we have paid our own expenses. Our critics to the contrary notwithstanding.

We are grateful for the confidence imposed in us; whether we have been faithful to our trust let the record speak for itself.

The records (full and complete) of our office are open to any citizen who desires to prove otherwise. And now—

FINIS LA GUERRE

There is born instead the work division of the S.E.R.B.

An experiment of such illogical extreme as to merit the thoughtful consideration of every citizen.

Are we to develop a nation of paupers? Most emphatically no, and yet carried to its extreme the new plan offers no other conjecture.

After outlining the set-up of the works division, Mr. Round makes the following personal comment:

There, my friends, is the new plan.

It places a premium on the fecundity of the human race and compels the complete destruction of individual morale before a helping hand can be given.

The one who is on relief is at least being fed. That one has gone through all the gamut of human emotions until there are no other depths to be explored.

The individual or family who by personal initiative and resourcefulness and the assistance of family or friends have so far weathered the storm have, under the new program, little or no opportunity to secure paid work except by industrial recovery or the absolute and complete break-down of body and of spirit.

It is this latter class who should be helped by using the work project in the light of a human rehabilitation program, and with the active cooperation of industrial employers through the replacement office men can be fitted through the work program to do and hold industrial jobs.

As the workers are transferred by the placement office into industry, their places can be filled from lower ranks until, by the process of development, study, and training, all our employables are restored to gainful occupations.

Because of our feeling of responsibility to those whom we have worked with during this winter, we shall continue as work director only through this transitory period, and the workers may feel assured that to every problem we will apply the most humane judgment.

We cannot permanently permit our sense of social justice to be so violently outraged by this social travesty.

Fellow citizens, this is your problem and the individual problem of every governmental taxpayer. Think.

It may be interesting to note also that of the 3,150 workers on the rolls at the close of the C.W.A. activities, 1,840 will be retained under the R.W.D.; the others will in most instances be forced back on the local relief rolls.

The workers of the C.W.A. have organized for the purpose of protesting the drastic curtailment of Federal relief under the temporary leadership of a man who served his city as mayor and a member of council, and who is a veteran of the Spanish-American War, who, in addressing the former C.W.A. workers, said that the workers and those unemployed who were on the lists but had not been called had a real grievance:

It is up to you men to band yourselves together and make your protests known in no uncertain manner. This calls for concerted action, for intelligent action, but not for radical action. If we can get the rest of the State to go along with the idea, the politicians in Washington will listen to our cause.

Mr. Speaker, we are confronted with a peculiar situation. The present administration, through the Administrator of Federal Relief, Mr. Hopkins, declares:

We intend to see that every person in the United States who needs relief gets it.

And at the same time we find a very marked curtailment in the number of people receiving work relief, while those who have been charged with the administration of relief work doubt the wisdom of the new system.

Since the Federal Government has, through this administration, adopted the policy of work relief, and men have been led to expect a continuance of that policy, I believe this Congress should insist on the immediate expansion of public works by necessary appropriations in order that such a rehabilitation program as suggested by Mr. Round might be carried out.

Certainly we should not stand idly by until our people become totally pauperized before extending them aid. I realize the immensity of the task, but we are committed to it and should not shirk the responsibility of preventing the complete break-down of public morale. If this is not done, recovery will be seriously hampered. [Applause.]

CALL OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Evidently there is no quorum present.

Mr. STEAGALL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 121]

| | | | |
|---|---|---|---|
| Abernethy | Darrow | Johnson, Okla. | Peterson |
| Adair | De Priest | Kennedy, Md. | Reed, N.Y. |
| Allen | Disney | Kerr | Reid, Ill. |
| Allgood | Douglass | Knutson | Sabath |
| Auf der Heide | Doutrich | Kocialkowski | Schaefer |
| Ayers, Mont. | Eagle | Larrabee | Sears |
| Beam | Fernandez | Lea, Calif. | Shannon |
| Beck | Fiesinger | Lee, Mo. | Simpson |
| Bolton | Fitzgibbons | Lloyd | Sinclair |
| Brumm | Foss | McLean | Smith, Va. |
| Buckbee | Foulkes | McSwain | Smith, W.Va. |
| Burch | Gambrill | Marland | Stalker |
| Burke, Calif. | Gasque | Milligan | Sullivan |
| Cannon, Wis. | Gillespie | Montague | Taylor, Colo. |
| Carley, N.Y. | Green | Muldowney | Tobey |
| Cary | Hamilton | Nesbit | Underwood |
| Collins, Calif. | Harlan | O'Brien | Waldron |
| Cox | Hartley | Oliver, Ala. | West, Ohio |
| Crowe | Higgins | Oliver, N.Y. | Withrow |
| Crowther | Jenckes, Ind. | Owen | Wood, Ga. |
| Culkin | Jenkins, Ohio | Peavey | Zioncheck |

The SPEAKER pro tempore. Three hundred and forty-six Members have answered to their names, a quorum.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

BONDS OF THE HOME OWNERS' LOAN CORPORATION

Mr. LUCE. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, it is pleasing to me to see the gentleman from New York [Mr. FITZPATRICK] in the chair. The gentleman from New York, like myself, has advocated early consideration of this bill. Yesterday I heard him declare to the leaders that if the bill was not called up today he would petition the House for immediate consideration. Every day this bill was delayed brought sorrow to many homes. When the President signs this bill sleepless nights will end for thousands of fathers and mothers. They know it means they will not be turned out of the place they called "home."

Mr. Speaker, I have long waited for the opportunity to vote for this bill guaranteeing the Home Loan bonds.

When the original bill was pending I advocated guaranteeing the bonds. Last year I again advocated guaranteeing the bonds.

There is no telling how many people have lost their homes because the bonds are not guaranteed.

This bill is going to pass. There is no doubt of that. I rise today to say that the success of this law is going to depend upon its administration. We all know that there is practically no market today for real estate. If the administrators will be liberal in their appraisals, the people of the country will save their homes. If they are not liberal, the people are going to continue to lose their homes, even if the bonds are guaranteed. I hope that those administering the act will take into consideration that it is the intent of Congress to save the homes for the people of the country from foreclosure. That is the reason that we are passing this bill today. I want the members of the Board to do the job as Congress wants it done. Let them not cause some unfortunate to lose his or her home for a few hundred dollars. Congress does not want that. Congress expects the Board to be liberal.

If the Board will take this view into consideration, it will be liberal in their appraisal. Nobody can say that because there is no real-estate market, a house that may be ap-

praised today at $6,000 is not actually worth $9,000 or $10,000. If the Home Loan officials are going to hold down the appraisals to the market as of today, what we are doing here is not going to be beneficial to the people who find themselves in financial distress through no fault of their own; people who are unable to meet their obligations.

I thank the gentleman from Massachusetts for allowing me to make this brief statement.

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. LUCE. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, some disappointment has been expressed here today and some fear that this bill does not go far enough to provide relief to the dire needs of the country because of the fact that applications for more than $3,000,000,000 in loans have been filed. I call attention to the fact, however, that when an application is filed for a loan it usually gives the balance due under the mortgage plus the accrued interest plus the taxes, or the unpaid balance under a land contract. In most cases that often represents more than the value of the property, and we all know that the Government appraisal would not go far enough to pay that in full, and in many cases it would not be just or sound business if it did.

The present bill will go far toward furnishing deserving relief for the volume of applications now filed and save to many of the American people their homes, the most sacred thing they have. Keep the American citizen in his own home and he will remain true to American principles and the American form of government.

I shall support this bill because it is of vital importance to the people of my district and my State. I shall support it for the further reason that it will permit loans to be made to many people in my district who have been unable to obtain loans under the Home Owners' Loan Corporation bill passed in 1933, for the reason that it did not guarantee the payment of the principal of the bonds issued under that act.

I know of many cases which came to my attention where people were unable to obtain relief under that act for the very reason that the mortgagees holding the mortgages on the homes were unwilling and refused to accept the bonds because the principal was not guaranteed by the Government. I do not say this in criticism of those who refused to take the bonds, because an uncertainty existed as to their value. We all know that at one time they were quoted at less than 85 cents on the dollar, and no one knew or could foretell but that they might go as low as 50 cents on the dollar. That is the situation existing under the act of 1933.

This bill removes that objection, and many people throughout the country will now be able to secure deserving loans and thereby save their homes for themselves and their children.

A man's home is his castle. There he is secure from intrusion, and he has a right to defend it even to the taking of life. Happy that day when every American can be in an American home unencumbered.

Mr. LUCE. Mr. Speaker, I yield one quarter of a minute to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, on the 19th of May 1856 Abraham Lincoln said, "In great emergency moderation is generally safer than radicalism." Many of us who today shoulder the responsibilities of public office view with alarm the radical changes worked in our Government in the last 13 months. I believe that this country would be more prosperous today if greater moderation had marked the recent legislative program.

In the light of this admonition of Lincoln's and in the brief time at my command, I purpose to discuss some facts which, in the interest of the common good, I believe should be more generally understood.

Certain limitations upon Executive power were written into our Constitution for the purpose of safeguarding the rights of the whole people. Under the Constitution, it is not only the right but the duty of the people's representatives to deliberate upon and pass our laws. Yet, in the hysteria of recent days, this solemn right, this obligation, has been ignored. Law after law, drafted by a group of the President's advisers, has been sent to the Capitol with orders that they be passed without amendment and without discussion. This procedure continued for months under the plea of emergency.

Legislation still continues to be rushed through the Congress. No longer, however, are the changes rung upon the emergency for smothering the legislative branch. Measures are drafted at the White House and sent to the Capitol with orders for their immediate passage, but deliberation upon them is now dispensed with under the plea of loyalty to the administration.

During the special session of Congress in 1933 the representatives of the people were anxious to support the administration, hoping that the extraordinary course pursued might bring relief and believing that straightway return to normal Government under the Constitution would ensue. With the assembling of the Seventy-third Congress in regular session, however, the President informed us that he planned to build a new social order upon the ruins of the past. Then it was that we began to understand the far-reaching strides already made with the cooperation of a yielding Congress toward a permanent change in the whole scheme of American Government.

Today the purpose of the administration is well understood in Washington, at least. The will of the legislative branch is to be disregarded. A central government is to be set up with unlimited powers in the executive. To this end, and contrary to the pledge in the last Democratic platform to abolish useless commissions and offices, to consolidate departments and bureaus, and to eliminate extravagance, the Executive Department has been reinforced by 37 additional bureaus. To these bureaus power has been given to control the farm, the shop, the factory, and to order the daily life of nearly every citizen. For the mere overhead expense of these bureaus the American people must pay an additional $60,000,000 each year. All this procedure not only contradicts the American ideal of the broadest rights for each citizen, but it is by no means conducive to economy in government.

We are now frankly told by the administration that a bloodless revolution is being accomplished. In its furtherance, an emergency expenditure of approximately $12,000,000,000 has been authorized. The borrowing capacity of the Treasury is severely taxed; the American dollar no longer has any assured value; the Secretary of the Treasury frankly states that its policy is purely experimental and subject to change at any time. This situation, I submit, is not conducive to general confidence or business stability.

I believe that not one in a thousand of the average run of people understands just what has been done with his Government since March 4, 1933. Bewildered and discouraged, the average citizen has thought his only recourse was to follow the administration. In a spirit of patriotic cooperation, people have urged their Representatives to give unqualified support and to yield at every point. All this was because of the emergency. For 13 long and distressing months this situation has continued. Only recently was it known even in Washington that the aim of the present administration was to make its temporary measures permanent.

It is undoubtedly true that the small group of college professors and lawyers, sometimes referred to as the "brain trust", knew the ultimate purpose of this administration from the outset. At least one member of the President's Cabinet sensed the main objective from the beginning. These advisers of the President, if approached individually, will, I believe, frankly acknowledge that they are not altogether in sympathy with the American system of Government. It is these men who have drawn the laws and mapped the course of the present administration. We believe that responsibility for the creation of and reliance upon this group should be placed where it belongs, namely, upon the President himself.

If our people desire their laws to be drafted by a small group of men in sympathy with alien institutions, it is their right. If, on the other hand, they wish their duly elected representatives to write their laws, the Constitution as it stands gives them that right. In all events, if the Constitution is to be abandoned, if the American system is to be changed, it should be by solemn vote of the people themselves. It is their Constitution. They and they alone may change it or authorize its disregard. As Washington has said—

> The very basis of our political system is the right of the people to make and to alter their constitutions of government. But the Constitution which at any time exists till changed by an explicit and authentic act of the whole people, is scarcely obligatory upon all.

It would seem that the time is at hand when we should resist further encroachments upon common right. The present course, if continued without interruption, can culminate in but one result—absolutism in the White House. This may be what the people want. If they want it, I repeat, it is their right to have it. But, if I understand anything of the spirit of our people, they will have none of it as a permanent policy.

My memory reverts to a time when the colonists issued their Declaration of Independence. It was their protest against usurped power. Some of its phases fit with nicety into the present situation. It asserts that—

> The history of the present King of Great Britain is a history of repeated * * * usurpations, all having in direct object the establishment of an absolute tyranny over these States.

The fathers then enumerated 26 abuses. Among them is a complaint against the king, his ministry, and advisers—

> For suspending our legislatures and declaring themselves vested with power to legislate for us in all cases whatsoever.

And, finally, it was declared—

> When a long line of * * * usurpations, pursuing invariably the same object, evinces a design to reduce them (the people) under absolute despotism, it is their right, it is their duty, to throw off such government and to provide new guarantees for their future security.

It is the best thought of many who value their liberties under our American system that the time is at hand when we should all face our duty squarely and see to it that constitutional government is again respected and practiced.

Permit me to cite a concrete example of lawmaking in Washington today. There are acknowledged abuses in the sale of securities on the New York Stock Exchange. They should be remedied by Federal law. Seizing upon this situation, three of the advisers in the executive department wrote the so-called "National Securities Exchange Act." Through it they have voiced their point of view that business should be under the strict control of an all-powerful central government. Therefore, in addition to dealing with the sale of securities on the exchange, they have written into the bill provisions compelling the strictest business accounting to the Federal Government.

I am reliably informed that the President himself had no opportunity to read this bill until it had been before the Congress a month. I predict that when it is finally reported to the House there will be no opportunity for the people to amend it through their Representatives. I predict further that very limited, if any, discussion of its provisions will be permitted. The bill will be whipped through the Congress and in this hasty un-American fashion, without deliberation, we shall have made another step towards autocratic control of business by government.

Those of the Democratic Party in accord with the new-deal program are necessarily in disagreement with the great Jefferson. He, of all men, believed in zealously guarding the rights of the people. To this end he insisted that that government is best which governs least.

Last Monday was the anniversary of the birth of Thomas Jefferson. For years his birthday has been widely observed at innumerable banquet tables by unnumbered hosts of loyal Democrats. But on Monday the banquet halls were silent. Democrats had no word of praise for the author of the Declaration and the founder of their party. His fame was unacclaimed; his virtues were unsung. "O Judgment, thou art fled to brutish beasts." Now lies the noble Jefferson upon the shelf and none so poor as do him reverence. Clearly, there has been a radical departure from the tenets of Democratic faith. The administration is leading us into new fields and the great mass of Jeffersonian Democrats follow submissively—yes, blindly.

There are many patriotic and thoughtful persons in this Nation who still believe that the people should have something to say about the laws under which they are to live. There are yet many of us who believe in the least possible interference with business by government. We do not blink at the fact that there is much of dishonesty in the market place, but nevertheless we contend that somewhere along the line you must trust the average citizen. We cannot legislate humankind into honest practices. We cannot regiment society into a perfect state. The more we undertake to hedge business about with Government restrictions, the further removed will be the day of business recovery. And business recovery is the sine qua non of the hour.

It is already clear that we cannot borrow ourselves into business recovery. When the billions already borrowed have been spent, underlying business conditions are the same. Return of confidence must precede business recovery. But those who would invest their savings will not assume the risk of financing business expansion until we end legislative experiment, balance our Budget, and confine the Government to spheres of operation set up under the Constitution.

How are our people to know what the next move of this administration will be? What, if any, of our rights are secure? Observe the fate of men who had expended millions in developing our national airways. They were suddenly accused of fraud in handling the mails. They demanded a hearing before their peers. They asked nothing more. This essentially American right was refused. By one bold stroke of the Executive pen, property values were wiped out to the tune of millions. Yet to this day, no evidence is disclosed which suggests illegality, fraud, or even conspiracy to defraud. If there was fraud or any evidence of wrong, why has no court been called upon to punish the guilty? But the millions of property loss was the smallest item. Twelve brave Army flyers have paid the price.

Again, business shudders to contemplate what may happen when the President shall have power to negotiate trade agreements, and upon consultation with his advisers, declare certain American industries inefficient, sell them out, and trade them for foreign imports. Upon what industry will the first blow fall? The Executive may by error of judgment, sacrifice an efficient industry upon which thousands depend for a livelihood. But no hearing will be had. The marked industry will never be permitted to present its case. The President's judgment will be final.

Meanwhile, the pulp and paper mills of Maine and the great Northwest, the textile mills of New England, the beet-sugar interests of the Middle West, and thousands of concerns scattered over the Nation, representing diversified industry and employing tens of thousands of American citizens, are hesitant and fearful. In the face of such uncertainty, who will be found to put his money into American industry? My friends, business recovery is, I fear, impossible under any such circumstances.

Recently one of my constituents wrote me that a western Senator, speaking in Maine, had said that the Government should make good every dollar lost by depositors in failed banks. This leads me to refer to what I believe is a most interesting fact. In the fall of 1931, President Hoover announced a four-point recovery program. He called upon the Congress for cooperation. The Democrats controlled both Senate and House. The fourth point in President Hoover's program was Government aid to insolvent banks.

In January 1932, as a member of the Banking and Currency Committee and at the request of the Hoover administration, I introduced a bill providing Government machinery for taking over the assets of failed banks and making prompt remittance to depositors. That bill was

smothered. I was never able to secure a hearing. The Democrats refused to entertain any such proposal. They said it was a plan to help rich bankers. They now understand that to support the banking structure is to aid every individual who has saved anything as well as those who have not, for this latter class is dependent for wages upon those who have saved. To this day, however, this administration has extended no immediate or effective aid to the men and women who lost their all in failed banks.

Just now we are urged to pass a bill introduced by Representative McLEOD, Republican, of Michigan, providing that the Government make good all losses of depositors in failed banks. If in 1931 we had appropriated one half the $12,000,000,000 whose hit or miss expenditure has now been authorized, the Government could have taken over every failed bank, guaranteed every depositor his money, and saved the Nation the worst blow it received in the depression; namely, the closing of every bank in the country. Had the Democratic Party been willing to accept our Republican proposal for immediate aid to insolvent banks, hundreds of thousands of depositors would have been saved, all banks would have been made liquid, loans could have been made to business, and the country would now be well on its way to prosperity.

I lay squarely at the door of this administration its failure to fulfill that "covenant with the people to be faithfully kept", which was written into its 1932 platform. I refer to the plank pledging the Democratic Party "to the relief of depositors in suspended banks."

To sum up. In the last 13 months the legislative branch of the Government has been swept into the discard. Laws written and forced hurriedly to enactment by the executive branch have changed the very structure of our Government. Property has been taken without due process of law. Our money is of uncertain value. The Treasury has no stable policy. Industry and agriculture are under strict Government control. Our manufacturing interests are to exist by sufferance and at the mere will of the Executive may be struck down in order that the products of foreign labor may enter our market in increased volume. Capital hesitates to finance a program of business expansion. Uncertainty is everywhere present, and no man can say what the morrow may bring forth.

If the Nation is to resume normal balance, five steps are essential. First, we must run the Government within the provisions of the Constitution. Second, we must do away with advisers in the White House who are unfriendly to the American system of government. Third, we must abandon Government control of industry and agriculture. Fourth, we must return to sound money. Fifth, we must stop inordinate borrowing, cut Government expenditures, and give the Nation a balanced budget.

All has not run smoothly with us in the past, nor can we expect unruffled seas in the future. Other depressions will come. But I have faith in the patience, courage, and stamina of the American people to overcome every obstacle. Perhaps it is not for me to offer advice, but I may at least express the hope that when the hour of trial is upon us we shall hold to the philosophy of Lincoln, whom I quote in closing, as I did in beginning:

> In great emergency moderation is generally safer than radicalism.

[Applause.]

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Michigan [Mr. HART] such time as he may desire.

Mr. HART. Mr. Speaker, there are just two points under discussion in this bill on which I want to touch. First, I will discuss for a moment or two the so-called "Norris amendment." I am a great admirer of Senator NORRIS and have perfect confidence in his disinterestedness in offering this amendment. I have followed the Senator's career for a great many years. I happen to know that his Republican associates were not in sympathy with his attitude toward party politics.

Also being aware of the fact that upon the board of this Home Owners' Loan Corporation is one of the most objectionable Republican politicians, namely, Walter Newton, a former secretary to President Hoover, who misses no opportunity to inject, mostly under cover, party politics into these appointments, I therefore cannot subscribe to the sincerity of the average Republican Member of this House in desiring that this amendment be adopted.

For example, let us take the Civil Works program carried out during the past winter. The President desired to eliminate politics from this welfare agency. However, when the President did eliminate party politics, so far as the Democratic Party was concerned, we found that a Republican in the Department of Labor, namely, W. Frank Persons, who appointed emergency relief committees throughout the States, had set up a very fine Republican political organization; and in my State I am told that for reference a list of the Republican county committees was used. At any rate, the organization was almost 100 percent Republican.

Now, it follows that this administration, being Democratic, no matter who administers the activities of any of these agencies, the Democratic Party must accept the responsibility for inefficiency or dishonesty. Primarily, they are in charge and cannot escape the responsibility. Therefore, being charged with the responsibility, I think they should have something to say with reference to those who are going to carry out the program.

As an illustration of what may happen under the Home Owners' Loan Corporation, I use an instance in my own State, in connection with the Civil Works program, which was handled by an almost complete Republican personnel. The only person found guilty of graft in the Civil Works program was a prominent Republican, who had been publicity manager for a Republican ex-Governor. There was no question about this man's guilt, because he pleaded guilty in a Federal court in Grand Rapids, Mich. With this record, nevertheless, a Republican Member of Congress from my own State had the nerve to make the following statement in a Lincoln Day address:

> When the field administration of the Civil Works administration is filled with scandal in 90 short days, that the Department of Justice has to be put upon the trail of graft and exploitation in 45 out of the 48 States, I say that the President of the United States should pray to Heaven for a vigorous and vigilant opposition party to help him in his own eager desire to discipline his own chislers, who would wreck his own great adventure.

With Republicans making statements of this kind, I think it is high time for the administration to assume its own party responsibilities.

I am sorry that this bill does not provide some additional funds for the financing of new home building. However, I am glad to learn from the gentleman from Wisconsin [Mr. REILLY] that the committee has under consideration and will probably report a bill for new home building.

Mr. STEAGALL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to place in the RECORD my own remarks with two telegrams and an extract from a letter bearing upon this bill.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, if we permit this bill, S. 2999, to grant mortgage relief to distressed home owners, to be enacted into law without an appropriate amendment safeguarding these home owners against the losses they incurred because of depreciated bonds, we will be, in my opinion, false to our trust as legislators.

The old adage, to the effect that by our fruits we shall be known is quite appropriately applicable to the action of the Banking and Currency Committee in failing to consider the losses which mortgagors were forced to absorb in the manipulation of Home Loan Corporation bonds which were not guaranteed as to principal. In this legislation, we are actually making the bondholder richer at the expense of the distressed home owner. Our platform declaration of "equal rights to all; special privileges to none" will be completely thrown into discard if we permit the bondholders to be enriched at the expense of the mortgage-distressed

citizens. We should and must amend this act to protect all those who have incurred additional indebtedness on all bonds heretofore issued which were not guaranteed as to principal.

The Congress is responsible for, and our leadership invites, the utmost criticism for permitting this bill to come on the floor of the House under suspension of rules, through which procedure amendments are out of order. Whether the Banking and Currency Committee is deliberately intending to enrich the bondholders I leave entirely to your own interpretation. The truth is that preclusion of amendment under the gag of suspension of rules certainly permits this inference. The fact that we are not only guaranteeing the principal of these bonds but the further fact that we are making them exempt from all taxation and also making the interest therefrom exempt from taxation is certainly, in my opinion, another evidence that the Congress of the United States, in this act, with almost unanimous support of the Republicans on the committee, is acting in the interest of the Wall Street international coupon clippers rather than in the interest of the distressed citizens in whom I am primarily interested.

Our President is on record as pledged to drive the money changers from the temple, yet in this bill we are more firmly enthroning the Wall Street crowd and giving them a more complete mastery over the American people by permitting them to withdraw their wealth from taxation. Again we are failing to live up to our platform declaration of "equal rights to all, special privileges to none", since we are extending the special privilege of tax exemption, both as to principal and interest on these bonds, and thus adding a double burden on the common man by taxing him on what little accumulation he may possess while, at the same time, we exempt those who are enveloped in great wealth, most of which is unearned.

Under the gold devaluation policy of the administration, there remains sufficient gold in the Treasury to warrant the issuance of gold certificates totaling approximately $8,000,000,000. Inasmuch as an authoritative law exists for the printing of this large amount of gold certificates, it would indeed be a new deal if the administration would issue this money as it is authorized by law to do and lend it to the distressed home owner and farmer at the lowest possible rate of interest. If the Government and our Democratic administration would again follow the plank of our platform of "equal rights to all, special privileges to none", these funds would thus be loaned to the private citizen at the same rate of interest which the Government charges the Federal Reserve banks in its extension of credit to them under existing law. If Federal Reserve banks can receive Federal Reserve notes from the Treasury at approximately one tenth of 1 percent interest on the basis of dubious paper collateral, it seems quite fair and just that the Government could and should extend credit at the same low rate of interest, plus carrying charge, to the honorable and worthy American citizen on the collateral of his own farm or his own home.

Do the bankers control Congress? If we will analyze the legislation enacted in this Congress, it will be readily seen that our legislation has generally been in the interest of the banker and not in the interest of the common man. The Republican Members have been the special exponents of legislation of this type; but many on the Democratic side, especially the leaders of the Banking and Currency Committee, appear to have this same complex. We should and must legislate for all the people and not for one special class—the financial groups. If the minds of Congressmen cannot be changed to react in the interest of the people, Congressmen themselves should be changed as our Government does not exist for special groups but is founded upon the Jeffersonian principle of "equal rights to all, special privileges to none."

When the original home loan bill was before the Congress in the special session, I offered several amendments in the interest of the distressed mortgagor only to have these amendments rejected by the Banking and Currency Committee. Others on the Democratic side suggested that the principal as well as the interest of these bonds be guaranteed, which suggestion was discredited by the Republican Membership on the Banking and Currency Committee. I recognized the many weaknesses in the bill and failing to secure proper amendment, voted against it. My apprehensions were fully justified as evidenced in the administration of the act.

While the bill was originally framed in the interest of the banks, insurance, and loan companies which had a multitude of sour or defaulted mortgages, it was soon found that these institutions repudiated the proffered relief and only in instances where the mortgagee could not foreclose to his pecuniary benefit were the unguaranteed bonds accepted. Innumerable instances were brought to my attention to corroborate this statement, but none was so glaringly evident as in a communication received from a building-and-loan association in my district wherein that association courageously stated the truth, in the following terms, regarding the depreciated Home Loan Corporation bonds:

> At the present time the discount that is necessary in order that this institution realize upon Home Owners' Loan Corporation bonds makes it inadvisable to accept these bonds except in cases wherein the margin of security does not justify foreclosure under the deed of trust but rather permits the discount under the bonds accepted in lieu of the real property.

From the foregoing it is readily understood that the banks would not accept these depreciated bonds at a loss to themselves, unless the indebtedness due them was greater than the amount they would receive through these bonds, less the depreciation.

The manager of the home-loan bank in California told me personally before offices were opened in California that one institution alone in Los Angeles had prepared a list of more than 800 soured, defaulted mortgages which it intended to offer to the Home Loan Bank Board. In other words, this institution, with its soured mortgages, was anxious to unload on the Government these 800 or more mortgages which it would not find profitable to foreclose.

The individual mortgagor has received very little of the hoped-for aid from the Home Loan Corporation while the bonds were not guaranteed as to principal. The following telegram indicates that the interest of the individual distressed mortgagors was secondary to that of the banks, insurance, and loan companies:

> SAN GABRIEL, CALIF., *April 4, 1934.*
>
> Hon. JOHN HENRY HOEPPEL,
> *Congressman Twelfth Congressional District of California, House Office Building:*
>
> Since August of last year local home-loan bank has had my application for a loan on my property. Have repeatedly requested action from the local office here. The Pacific States Savings & Loan Co. lay the blame to Butler's office for noncooperation in assisting in expediting my particular loan. Apparently local help are endeavoring to prolong their positions by holding up loan on applicants. This evil is apparently being experienced by your constituent in this district. To the majority of us the only assistance which Butler seems to aid in is alleviating the distress of banks and mortgage companies, and the rank and file of the people who are endeavoring to regain our homes can twiddle our thumbs until the big boys are taken care of first. Please take the matter up at your convenience with the Washington office and assist in helping the conditions in this district. Primarily, of course, Mr. HOEPPEL, I am very anxious to regain my home.
>
> ROY W. JACOBS.

From the foregoing telegram it is evident that my apprehensions regarding the merit of the original home-loan bank bill were more than justified. It was enacted to assist the banks, insurance, and building-loan companies which, under the existing liberal R.F.C. law, were unable to obtain cash for their mortgages which were in default. In what appears to be a majority of instances, such relief as was given to individual distressed mortgagors was not relief at all but merely an added burden. Appraisers of the Home Loan Corporation in instances where the assessed valuation was insufficient to obtain relief through the issuance of Home Loan Corporation bonds encouraged the mortgagor to give to his original mortgagee, in addition to the bonds, a further second mortgage in order that the mortgagee might receive dollar for dollar for the face value of his mortgage.

In other instances, because of the depreciated value of the bonds, distressed mortgagors were forced to execute second mortgages, notes, or other forms of indebtedness to the mortgagee to absorb the losses of the depreciated Home Loan Corporation bonds at the time of transfer. The following telegram appears to be conclusive evidence of thousands of cases throughout our country where the burden of the distressed mortgagor was actually increased and where, instead of mortgage relief, he was forced to incur added indebtedness in order to obtain temporary surcease from his mortgage difficulties:

ARCADIA, CALIF., *January 7, 1934.*

Congressman J. H. HOEPPEL,
*House Office Building, Washington, D.C.:*

Total mortgage indebtedness to date under Home Loan Act, $4,199. Foreclosures and redemption, $374. Amount added to mortgage on depreciation of bonds, $671. Total note signed to satisfy Kasnicka, in addition to $4,199 he received in bonds, including mortgage and depreciation, is $962. Actual amount owed before foreclosure, principal, $3,500; interest to date, $245; total, $3,745.

RUDDICK.

From the foregoing telegram, it will be noted that the mortgagor in question had an additional burden of $671 added to his total indebtedness. In other words, he, himself, was forced to absorb the loss due to the depreciated selling price of the bonds on the date of transaction. Unless we amend this bill to protect the thousands of individuals in similar situations, in my opinion, we must be charged with legislating for the bondholders and not for the people.

Mr. HOEPPEL. Mr. Speaker, I should like to call attention to a telegram which I have before me, and which proves conclusively that a distressed mortgagor was compelled to pay tribute of $671 to his mortgagee before the mortgagee would accept Home Loan Corporation bonds. Under this bill we are validating these bonds now in the hands of the mortgagee, but we are giving no relief whatever to the mortgagor who has been forced to pay a tribute of $671 in order to obtain mortgage relief.

As soon as this bill is enacted into law the man who took these depreciated bonds, plus this additional note or second mortgage, will receive par value for them, or an additional premium for his bonds, and at the same time he will hold the note of the distressed mortgagor. So instead of granting relief to the distressed mortgagor we are in this bill aiding and paying tribute to the bondholder. I contend that we should have had time to offer amendments to this bill which would invalidate all contracts of the kind executed by a mortgagor forced by necessity to make such a sacrifice. In my own district in California hundreds of mortgagors were forced to sign notes or second mortgages before the mortgagee would accept Home Loan Corporation bonds. Banks also took the same advantage of distressed mortgagors. For that reason I most deeply regret that this bill cannot at this time be amended so as to grant more adequate relief to our distressed and mortgaged home owners.

The SPEAKER pro tempore. The time of the gentleman from California [Mr. HOEPPEL] has expired.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from California [Mr. FORD] such time as he may desire.

Mr. FORD. Mr. Speaker, I am in hearty accord with the provisions of this bill and will support it. I am sorry, however, that the committee could not see its way clear to accept my amendment providing for the broadening of the original act's provisions so that income property, the appraised value of which comes within the present $14,000 limit of the act, was not accepted. That amendment would save the property of thousands of fine, hard-working, thrifty, and self-sacrificing citizens and taxpayers who have invested their meager savings in what they thought was income property. The term income property is now, and has been for a period of 3 years, a misnomer. Every owner of this class of property knows that it has been a burden. Rents have been so low, the percentage of vacancies so high, that the owner who has gotten his taxes out of that class of property is fortunate indeed. As for interest and repairs, these have had to be met out of other income if the owner was fortunate enough to have some other source. If not, he has had the grim pleasure of seeing his life savings swallowed up by the mortgagee or pass into the hands of the State for taxes, there to be subject to penalties and charges that may, before he is able to redeem, wipe out the value of the holdings.

Now, no man in this House was more overjoyed than was I when the Home Loan Act became a law. I saw in it the salvation of the home owner who was struggling to keep a roof over his head. For this I was and am grateful. But I want to call your attention to the income property owner's plight. He, too, needs relief. He has contributed to the tax funds huge sums. He has paid improvement assessments running into the hundreds of millions. He has given employment to labor in the erection of his property. He thought he had an investment that was safe and secure. But the depression came along and he has been forced to see his equity wiped out and his property taken for a fraction of its value because of his inability to refinance his mortgages.

Gentlemen, I submit that this class of property owner, citizen, and taxpayer is worthy of your solicitude, and I urge you most sincerely to pass some measure that will bring him the much deserved relief that is his just due. [Applause.]

Mr. LUCE. Mr. Speaker, I yield myself the remainder of the time.

The SPEAKER pro tempore. The gentleman is recognized for 19¾ minutes.

Mr. LUCE. The unusual situation should be explained for the benefit of the many Members who have not been here during the debate. The pending bill was reported as a substitute for the Senate bill. By itself it contains nothing to arouse controversy and every Member may well vote for it. Criticism has been almost wholly because of a paragraph of the Senate bill here omitted. With action proceeding under suspension of the rules, no amendment may be offered, even by way of the motion to recommit. Undoubtedly conferees will be appointed to try to reconcile the views of the two Houses and it is in part for their benefit that the point in issue has been discussed. Possibly before conclusion is reached Members may have the chance to put themselves on record. In any case the public will have been usefully informed of a serious, perhaps even a momentous, difference of opinion between the President and what is evidently a majority of the Democratic Membership of the House. Inasmuch as it would have been easily possible for the Democratic leadership to bring this matter up in the usual way, with opportunity for amendment, it is not unfair to infer that there was unwillingness to have a vote upon the merits. Under these conditions our appeal today must be to the public.

Next fall it will be carried particularly to the electorate. There are Congressional districts where it may decide the fate of Members seeking reelection. Such is the importance of the question involved that if clear-cut decision is yet reached here, it may prove, politically at least, only second in political consequence of all the decisions we shall have made. What, then, is involved?

At the risk of repetition I will read the first sentence of the omitted Senate amendment, the important part:

> In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency.

On the day that your House committee passed judgment upon the bill, or the day after, the President told newspaper correspondents that he desired this section left in the bill. If memory serves me right, one report said that he had sent a letter to that effect to the chairman of the House committee. Nevertheless, the committee report before you omits compliance with the request of the President; indeed, makes no reference to the matter. So still once again I find myself here on my feet defending the President of the United States, proclaiming adherence to his views, whereas a ma-

jority of the House Committee on Banking and Currency saw fit to adhere to the opposite position, and in my judgment a majority of this House would at the moment discard the President's wish.

Therefore, you have the issue clearly put before you, the issue of whether the first consideration in the employment of officials and workers in the public service shall be partisanship or shall be efficiency. Once again this question comes before Congress.

A Senator from my State, Charles Sumner, began with the introduction of a bill the national movement for appointment to office by means of competitive examinations.

It was 51 years ago, as my colleague from Cincinnati [Mr. HOLLISTER] told the House earlier in the day, that a great Democrat, George H. Pendleton, saw his efforts for appointment on the basis of merit crowned by enactment of civil-service reform into law. Every President from that day to this has exercised his power to transfer names to the classified list; and every President from that day to this has thereby stood for efficiency in government, because every one of them has known what it means to corrupt, to debauch the Government of the United States by making partisanship the first consideration for employment to office.

If you choose to read the record of what has been said here today, and particularly the remarks of the gentleman from Illinois [Mr. DIRKSEN], you will find specific instances of what has now taken place. There may be in the gallery at the moment one of the best, ablest, most conscientious representatives of the press, Oliver McKee, Jr. For the February number of the North American Review, which I commend for your reading, he wrote an article entitled "The Jobmaster General." Of course, you all know that refers to the Postmaster General of the United States. In this article Mr. McKee stated, deliberately stated, repeating what all the newspaper men will tell you: "The Federal Home Loan Bank Board is known in Washington as the spoilsmen's paradise." I am going to repeat that: "The Federal Home Loan Bank Board is known in Washington as the spoilsmen's paradise."

The spoilsmen's paradise is the perverted condition of an institution in creating which I had some share. I was not the author of the Federal home loan bank system, but I might be accurately called its nurse, because I was intrusted by the Hoover administration with securing the passage through the House of that beneficent measure; and I had hoped that to my dying day I might point with pride to my share in the creation of this wonderfully useful institution, or that might be wonderfully useful. You may imagine my regret, I might even say my shame, at seeing it now held up before the country as the spoilsmen's paradise. Should I, could I, be held responsible as knowingly sharing in the creation of a spoilsmen's paradise? I pray not.

Another institution under the same central control, the Home Owners' Loan Corporation, was created after the Democrats came into power. Although a Republican, I received an honor precious to me by being invited, the only Republican so invited, to sit in with those who passed judgment on the draft of this bill. In this system, too, I take the warmest personal interest. Here, also, I wish I might today take full measure of pride.

For the cause why I cannot, I will not, hold responsible those who have been or are members of the Board in Washington. Three of them have been men with whom some of us associated in this body and whom we know to be upright, honorable, patriotic. My long-time personal acquaintance with the chairman, John H. Fahey, assures me that he is an able man of complete integrity, high-minded, and self-sacrificing, with the public welfare always at heart. He is valiantly attacking a task equal to that of Hercules in cleaning out the Augean stables.

The reason for what has taken place, if my surmise is correct, is that orders came from the Jobmaster General that these organizations created to help men in distress, created to save the most precious of human possessions, the home, should be mastered and manned by men of one political faith, with party loyalty the primary test.

The appointments locally were, it is understood, made upon the advice of members of the National Democratic Committee with the approbation of the gentlemen on my right or Senators of like political faith. In many parts of the country not a man could receive appointment unless he came there with the endorsement of a Democratic leader. The first question asked was not: Are you capable; not: Are you experienced; not: Are you honest; but: Are you a Democrat?

The outcome of that may be seen in some of the things that have been said here today.

I am told of one case where three men designated as Democrats to serve in one of these agencies decided by throwing coins to a line drawn on the floor as to which one should be the manager, as to which one should be the attorney—God save the mark! Choosing an attorney by the power of tossing a coin to a line on the floor! And the third one should be the appraiser. No question whatever of efficiency, qualification, or merit, but only ability to approach with a coin deftly and skillfully a line on the floor. [Laughter.]

In the matter of supporting the President, I have heard that a record is being kept. [Laughter and applause.] I am glad that the Speaker has returned to the chair in order that he may appreciate the embarrassments of the situation. I am reminded of a poem that was recited frequently in school in my day:

Abou Ben Adhem (may his tribe increase).

The poem went on to describe an angel writing in a book of gold. Abou asked him what was being written. The angel answered, "The names of those who love the Lord." The poem ended:

And lo, Ben Adhem's name led all the rest.

I had hoped, sir, that modesty would not keep our presiding officer, our beloved presiding officer, from heading his list of those who love the Lord with his own name. Alas, he cannot now conscientiously so do, for I find in a copy of the Washington Herald of Sunday a statement that conveys his opposition to the so-called "Norris amendment." The reporter says:

Speaker HENRY T. RAINEY took issue with the President on the nonpartisan provision. He said: "When appointments are taken out of politics, that only means we'd have to put Republicans, instead of Democrats, in."

[Laughter and applause.]

This is frank recognition of the fact that if merit and capacity were to determine appointments no Democrat need apply. [Laughter and applause.]

I hope my good friend, the Speaker, will not take my persiflage as indicating any lack of regard for him, although disclosing my complete lack of sympathy with his view in this particular.

In spite of his view I persist in the belief that it was a calamity not only for his party but also for the Nation when the many newly created relief agencies were turned over to the spoilsmen. It is not alone the home-loan systems that have suffered. All along the line the same disastrous results have followed. Everybody here knows that the scandalous conduct of the C.W.A. has been a stench in the nostrils of hundreds of communities. One could fill a book with the ridiculous, the wretched, the disgraceful stories of waste, graft, and corruption that come to us about this and many other of the relief organizations.

Partisan politics has penetrated their veins.

Invariable has been such result of appointment to public office with partisanship the paramount consideration. It began with us just a hundred years ago when Andrew Jackson was President. [Applause.]

This applause is the most welcome thing I have had this afternoon. [Applause.] Monday night the gentlemen who have applauded forgot all about the fact that Thomas Jefferson ever lived. Take Andrew Jackson for your patron

saint if you wish, and see what he and Martin Van Buren did for this country by enforcing the spoils system.

It was Marcy of New York who coined the famous phrase "To the victors belong the spoils." This idea came so near wrecking the Government that Abraham Lincoln, pointing out to a friend the eager multitude of officeseekers that thronged the White House, said:

There you see something which in the course of time will become a greater danger to the Republic than the Rebellion itself.

Once to Carl Schurz he observed:

I am afraid that this thing is going to ruin republican government.

Strong, patriotic, thoughtful men undertook from that time, beginning with Charles Sumner, as I have said, to put into force the idea that only by making efficiency the first test can this Government survive.

I am told that Republicans have followed the opposite course at times. I am told that here and there Republican advice prevails on partisan grounds, but I tell you if there is a Republican rascal in office, turn him out; if there is a Republican appointee who proves to be inefficient, turn him out. If there is a Republican who in point of capacity or integrity and honesty falls down, turn him out. Replace them and fill new positions with all the Democrats you want to, provided that first, last, and all the time ahead of partisanship you place the tests of experience, capacity, and character. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, the Committee on Banking and Currency did not desire to embody in this bill the sort of political controversy that has characterized the proceedings of this House this afternoon; so for this reason we left out of the bill the political amendment that was incorporated by the Senate. We did not regard the provision as legislation. With all deference to the great Senator whose name it bears, the members of the Banking and Currency Committee thought that it involved an imputation against the present administration of the Home Owners' Loan organization, a sort of political speech that should be made on the stump or in the press, or, if gentlemen think it in good taste, upon the floor of this House, as has been done this afternoon. [Applause.] That is why the Norris amendment does not appear in this bill. [Applause.]

May I say to the gentleman from Massachusetts that I am one of those whose names appear on the roll of honor in this House, the record carrying the names of Members who have been loyal to the administration. I wish to say, in addition, that while I am sure the gentleman from Massachusetts would not consciously make an inaccurate statement, the Committee on Banking and Currency had no information from the White House as to the views entertained by the President with respect to the Norris amendment at the time the committee reported this bill to the House. The President later made known his views frankly, as he always does to the people of the entire Nation, in a statement to the press. This is the history of what took place with respect to the amendment in the Committee on Banking and Currency.

The gentleman from Ohio told you in his speech that members of the Home Loan Bank Board as now constituted and the President of the United States had made it known that they favored the principles of the Norris amendment; so that there is nothing left for these gentlemen to fear, as to a fair, nonpartisan, impartial administration of this emergency relief organization. Why complain, if both the Board and the President are committed to the Norris amendment? What does it matter how much we debate the matter among ourselves this afternoon? What better assurance would our friends desire?

Mr. MAY. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Kentucky.

Mr. MAY. As I understand it, the purpose of this bill is to guarantee the principal and interest of the bonds of the Home Owners' Loan Corporation so that they will be marketable?

Mr. STEAGALL. Yes.

Mr. MAY. Does the gentleman remember that at the last session of the Congress I offered an amendment making them direct obligations of the Government, and that the gentleman from Massachusetts undertook to ridicule this on the floor of the House and asked me to withdraw the amendment?

Mr. STEAGALL. I think the statement of the gentleman is correct.

Mr. SIROVICH. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. SIROVICH. Does the distinguished gentleman remember when the Reconstruction Finance Corporation Act was passed by Congress several years ago?

Mr. STEAGALL. I am going to call attention to the history of the Reconstruction Finance Corporation Act. It happens that the gentleman from Massachusetts was a member of the Committee on Banking and Currency, which reported the Reconstruction Finance Corporation Act, and the gentleman was not then vociferous in his demands for a provision similar to the Norris amendment for which he clamors this afternoon. The Reconstruction Finance Corporation Board became a place of refuge for "busted" banks and broken-down Republican politicians—a sort of relief resort for Republicans throughout the country. It was loaded down with appointments of that kind. [Applause.]

Mr. SIROVICH. And will the gentleman admit that the phrase and the philosophy "to the victors belong the spoils" was carried into fruition and realization at that time?

Mr. STEAGALL. Absolutely. Now, let me remind the gentlemen of something else. We enacted the original Home Loan Bank Act in July 1932. It came from the Committee on Banking and Currency, as the gentleman has said. It was administered without any substantial beneficial results to the people of the country during the remaining months of the Republican administration. During this entire time there was only about $15,000,000 of loans made throughout the Nation. It was a political bill passed in contemplation of the last Presidential election, and used for the aid of the Republican Party in that campaign. On that Board President Hoover saw fit to place Mr. Franklin Fort as chief director. He proceeded to put Republicans in charge of that organization and it is a matter of history that it was used for campaign purposes and not much for anything else during 1932. [Laughter and applause.]

The gentleman states this is going to be an issue second only in importance during the next campaign in the United States. If so, the bankruptcy of his party is even more pitiable and hopeless than I had supposed. But I would like to know how the gentleman expects to make progress in the campaign next fall with the President as the real issue, if the gentleman and his party are going to take the same position on this proposition that the President has taken before the people of the United States. I wonder how he expects to secure repudiation of the President by endorsing his position. And I would like to know how the gentleman expects to make a successful political issue out of the Norris amendment, when everybody knows that Senator NORRIS himself has no more thought of ever supporting the old line Republican organization in the United States again than I have—or any other Member on the Democratic side of the aisle this afternoon. [Applause.]

The plain fact is, as many of us remember, the adherents of Senator NORRIS in this House only a few years ago were proscribed, ostracized, branded, and kicked out of the organization and refused all recognition by the Republican organization of this House; and yet we are told that under the leadership of Senator NORRIS, on the question of patronage in one of the minor departments of the Government, the Republican Party is going to wage a successful battle and overthrow the Democratic Party in 1934.

I sympathize with the gentleman, but I will say to him that if this is his reliance for an issue upon which to resurrect the Republican Party, those of us who believe in the party system of government, and who believe in a division of the people of the country into two political parties is conducive to wholesome conditions and good government, have very slight basis for hope of a revival of that system in the United States.

I wish to say that this imaginary issue is much ado about nothing. We shall go forward from now as we have during these months of the past year, hopeful and happy, loyal to the great leader chosen by the American people, upon whom they will continue to rely to point the way to the restoration of prosperity and to redeem the Nation and our institutions from the distress and destruction that have been brought upon us during 12 years of Republican misrule in the United States. [Applause.]

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CONNERY. I would not like the impression to go out to the State of Massachusetts, from which my colleague comes, and to our other Republican and Democratic colleagues that the conditions to which the gentleman from Massachusetts [Mr. LUCE] referred are prevalent in Massachusetts. I have heard no one in the State of Massachusetts complain of the administration of the Home Owners' Loan Corporation under Mr. Charles F. Cotter, the State manager, and I think my Republican colleagues will agree with my Democratic colleagues on this proposition.

Mr. STEAGALL. I thank the gentleman for his statement.

Mr. LOZIER. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LOZIER. Was not the gentleman from Massachusetts [Mr. LUCE] a member of the Committee on Banking and Currency when it reported out the Reconstruction Finance Corporation Act?

Mr. STEAGALL. He was.

[Here the gavel fell.]

The SPEAKER. The question is on the motion of the gentleman from Alabama to suspend the rules and pass the bill.

Mr. STEAGALL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 340, nays 1, not voting 90, as follows:

[Roll No. 122]

YEAS—340

| | | | |
|---|---|---|---|
| Adams | Cannon, Mo. | Crump | Flesinger |
| Andrew, Mass. | Cannon, Wis. | Cullen | Fish |
| Andrews, N.Y. | Carden, Ky. | Darden | Fitzpatrick |
| Arens | Carmichael | Dear | Flannagan |
| Ayres, Kans. | Carpenter, Kans. | Deen | Fletcher |
| Bacharach | Carter, Calif. | Delaney | Focht |
| Bacon | Carter, Wyo. | DeRouen | Ford |
| Bailey | Cartwright | Dickinson | Foss |
| Bakewell | Castellow | Dickstein | Foulkes |
| Bankhead | Cavicchia | Dies | Frear |
| Beedy | Celler | Dingell | Fuller |
| Berlin | Chapman | Dirksen | Fulmer |
| Biermann | Chase | Disney | Gavagan |
| Black | Chavez | Ditter | Gifford |
| Blanchard | Christianson | Dobbins | Gilchrist |
| Bland | Church | Dockweiler | Gillette |
| Blanton | Claiborne | Dondero | Glover |
| Bloom | Clark, N.C. | Doughton | Goldsborough |
| Boehne | Clarke, N.Y. | Dowell | Goodwin |
| Boileau | Cochran, Mo. | Doxey | Goss |
| Boylan | Cochran, Pa. | Drewry | Granfield |
| Brennan | Coffin | Driver | Gray |
| Britten | Colden | Duffey | Greenway |
| Brooks | Cole | Duncan, Mo. | Greenwood |
| Brown, Ga. | Collins, Miss. | Dunn | Gregory |
| Brown, Ky. | Colmer | Durgan, Ind. | Griffin |
| Brown, Mich. | Condon | Eaton | Griswold |
| Browning | Connery | Edmiston | Guyer |
| Brunner | Connolly | Edmonds | Hamilton |
| Buchanan | Cooper, Ohio | Eicher | Hancock, N.C. |
| Buck | Cooper, Tenn. | Ellenbogen | Hancock, N.Y. |
| Burke, Nebr. | Corning | Ellzey, Miss. | Harter |
| Burnham | Cravens | Eltse, Calif. | Hastings |
| Busby | Crosby | Englebright | Healey |
| Byrns | Cross, Tex. | Evans | Henney |
| Cady | Crosser, Ohio | Faddis | Hess |
| Caldwell | Crowe | Farley | Hildebrandt |
| Hill, Ala. | Lundeen | Prall | Taber |
| Hill, Knute | McCarthy | Ramsay | Tarver |
| Hill, Samuel B. | McClintic | Ramspeck | Taylor, S.C. |
| Hoeppel | McCormack | Randolph | Taylor, Tenn. |
| Holdale | McFarlane | Rankin | Terry, Ark. |
| Hollister | McGrath | Ransley | Thom |
| Holmes | McKeown | Rayburn | Thomas |
| Hope | McLeod | Reece | Thomason |
| Howard | McReynolds | Reilly | Thompson, Ill. |
| Huddleston | Maloney, Conn. | Rich | Thompson, Tex. |
| Hughes | Maloney, La. | Richards | Tinkham |
| Imhoff | Mansfield | Richardson | Traeger |
| Jacobsen | Mapes | Robertson | Truax |
| James | Marshall | Robinson | Turner |
| Johnson, Minn. | Martin, Colo. | Rogers, Mass. | Turpin |
| Johnson, Tex. | Martin, Mass. | Rogers, N.H. | Umstead |
| Johnson, W.Va. | Martin, Oreg. | Rogers, Okla. | Utterback |
| Jones | May | Romjue | Vinson, Ga. |
| Kahn | Mead | Rudd | Vinson, Ky. |
| Kee | Meeks | Ruffin | Wadsworth |
| Keller | Merritt | Sadowski | Waldron |
| Kelly, Ill. | Millard | Sanders | Wallgren |
| Kelly, Pa. | Miller | Sandlin | Walter |
| Kenney | Mitchell | Schuetz | Warren |
| Kinzer | Monaghan, Mont. | Schulte | Wearin |
| Kleberg | Montague | Scrugham | Weaver |
| Kloeb | Montet | Secrest | Weideman |
| Kniffin | Moran | Seger | Welch |
| Kopplemann | Morehead | Shallenberger | Werner |
| Kramer | Mott | Shoemaker | West, Ohio |
| Kurtz | Moynihan, Ill. | Sinclair | West, Tex. |
| Kvale | Murdock | Sirovich | White |
| Lambertson | Musselwhite | Sisson | Whitley |
| Lambeth | Norton | Smith, Va. | Whittington |
| Lamneck | O'Connell | Smith, Wash. | Wigglesworth |
| Lanham | O'Malley | Snyder | Wilcox |
| Lanzetta | Palmisano | Somers, N.Y. | Williford |
| Larrabee | Parker | Spence | Williams |
| Lea, Calif. | Parks | Steagall | Wilson |
| Lehr | Parsons | Strong, Pa | Wolcott |
| Lemke | Patman | Strong, Tex. | Wolfenden |
| Lesinski | Perkins | Stubbs | Wolverton |
| Lewis, Colo. | Pettengill | Studley | Wood, Mo. |
| Lewis, Md. | Peyser | Sumners, Tex. | Woodruff |
| Lindsay | Pierce | Sutphin | Woodrum |
| Lozier | Plumley | Swank | Young |
| Luce | Polk | Sweeney | Zioncheck |
| Ludlow | Powers | Swick | The Speaker |

NAYS—1

Kennedy, N.Y.

NOT VOTING—90

| | | | |
|---|---|---|---|
| Abernethy | Culkin | Kennedy, Md. | Peterson |
| Adair | Cummings | Kerr | Reed, N.Y. |
| Allen | Darrow | Knutson | Reid, Ill. |
| Allgood | De Priest | Kocialkowski | Sabath |
| Arnold | Douglass | Lee, Mo. | Schaefer |
| Auf der Heide | Doutrich | Lehlbach | Sears |
| Ayers, Mont. | Eagle | Lloyd | Shannon |
| Beam | Fernandez | McDuffie | Simpson |
| Beck | Fitzgibbons | McFadden | Smith, W.Va. |
| Beiter | Frey | McGugin | Snell |
| Boland | Gambrill | McLean | Stalker |
| Bolton | Gasque | McMillan | Stokes |
| Brumm | Gillespie | McSwain | Sullivan |
| Buckbee | Green | Marland | Taylor, Colo. |
| Bulwinkle | Haines | Milligan | Terrell, Tex. |
| Burch | Harlan | Muldowney | Thurston |
| Burke, Calif. | Hart | Nesbit | Tobey |
| Carley, N.Y. | Hartley | O'Brien | Treadway |
| Carpenter, Nebr. | Higgins | O'Connor | Underwood |
| Cary | Jeffers | Oliver, Ala. | Withrow |
| Collins, Calif. | Jenckes, Ind. | Oliver, N.Y. | Wood, Ga. |
| Cox | Jenkins, Ohio | Owen | |
| Crowther | Johnson, Okla. | Peavey | |

So (two thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "aye", as above recorded.

The following pairs were announced:

Until further notice:

Mr. McDuffie with Mr. Snell.
Mr. Sullivan with Mr. Treadway.
Mr. Bulwinkle with Mr. Jenkins of Ohio.
Mr. Arnold with Mr. Darrow.
Mr. Douglass with Mr. Crowther.
Mr. Green with Mr. Reed of New York.
Mr. Harlan with Mr. Tobey.
Mr. Cox with Mr. Knutson.
Mr. Jeffers with Mr. Beck.
Mr. Underwood with Mr. Culkin.
Mr. Taylor of Colorado with Mr. Bolton.
Mr. Milligan with Mr. Higgins.
Mr. Sears with Mr. Muldowney.
Mr. Oliver of Alabama with Mr. Simpson.
Mr. Marland with Mr. Doutrich.
Mr. McSwain with Mr. Allen.
Mr. Gasque with Mr. Brumm.
Mr. Hart with Mr. McGugin.
Mr. Beam with Mr. Reid of Illinois.

Mr. Abernethy with Mr. Buckbee.
Mr. Kerr with Mr. Lehlbach.
Mr. Smith of West Virginia with Mr. Stokes.
Mr. Wood of Georgia with Mr. Thurston.
Mr. Oliver of New York with Mr. McLean.
Mr. O'Connor with Mr. Carter of California.
Mr. McMillan with Mr. Withrow.
Mr. Auf der Heide with Mr. Stalker.
Mr. Boland with Mr. McFadden.
Mr. Eagle with Mr. Peavey.
Mr. Burch with Mr. Hartley.
Mr. O'Brien with Mr. De Priest.
Mr. Gambrill with Mr. Nesbit.
Mr. Shannon with Mr. Adair.
Mr. Beiter with Mr. Gillespie.
Mr. Allgood with Mr. Frey.
Mr. Carley of New York with Mr. Haines.
Mr. Peterson with Mr. Owen.
Mrs. Jenckes of Indiana with Mr. Terrell of Texas.
Mr. Schaefer with Mr. Lloyd.
Mr. Kennedy of Maryland with Mr. Colmer.
Mr. Fernandez with Mr. Burke of California.
Mr. Johnson of Oklahoma with Mr. Cary.
Mr. Ayers of Montana with Mr. Fitzgibbons.
Mr. Lee of Missouri with Mr. Cummings.
Mr. Carpenter of Nebraska with Mr. Kocialkowski.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on this bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, under the leave granted to Members to extend their remarks in regard to S. 2999, an act to guarantee the bonds of the Home Owners' Loan Corporation, I insert the following article written by me, which was published in the Real America magazine, issue of February 1934:

[From the Real America magazine, February 1934]

SAVE AMERICA—BY SAVING THE FARMS AND HOMES OF AMERICA—AN APPEAL TO PRESIDENT ROOSEVELT

By Congressman MARTIN F. SMITH

President Franklin D. Roosevelt has displayed rare courage since he entered the White House on the 4th of last March. He has on at least two occasions invoked the extraordinary powers of proclamation by which it is possible for the Chief Executive of the Nation to act in regard to matters of supreme importance, without awaiting the legislative enactment of the Congress or the decree of the judicial branch of the Federal Government.

I refer, of course, to President Roosevelt's proclamation declaring the bank holiday and closing the banking institutions of the country and his subsequent proclamation declaring an embargo on gold shipments. Both of these proclamations were courageously issued and of vast benefit to the American people.

As one of the Representatives in Congress of the American people, I desire to urge President Roosevelt to resort again to the exercise of his proclamationary power and authority in behalf of the millions of owners of homes and farms in this country upon which mortgages are still being foreclosed at an alarming rate. It will be many months before the farm- and home-mortgage bills become widely effective. Also, their provisions are not mandatory as applied to the mortgagee or holder of the mortgage, who may or may not care to come in under the provisions of the law and accept bonds as he sees fit.

It is estimated that there are $35,000,000,000 worth of mortgages on city property—over $20,000,000,000 on homes—and that nearly two thirds of these mortgages are in default and subject to foreclosure. It is further estimated that there are $8,500,000,000 of mortgages outstanding on the farms of America, of which nearly 70 percent are delinquent and subject to foreclosure.

There remains but one avenue of hope and relief for our unfortunate fellow citizens who, through no fault of their own, are losing their homes and their farms and whose wives and children are being evicted into the streets and the countryside in rich, free America, and that is to ask our President to proclaim a moratorium on mortgage foreclosures on homes and farms in America. Our neighbors are asking and pleading for this consideration from one end of the land to another.

Mr. President, when you save the homes and farms of America, you save America.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to the bill (S. 2324) for the relief of the Noank Shipyard, Inc.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8402) entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. BANKHEAD, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Chair, under the authority of House Concurrent Resolution No. 26, had appointed the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Ohio [Mr. FESS], and the Senator from New Jersey [Mr. KEAN] as the Members on the part of the Senate of the special congressional committee to make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette.

UNITED STATES v. JAMES CANNON, JR., ET AL.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

The Clerk read the resolution, as follows:

House Resolution 322

Whereas in the case of the The United States against James Cannon, Jr., and Ada L. Burroughs (no. 51159, criminal docket), pending in the Supreme Court of the District of Columbia, subpena duces tecum was issued by the Chief Justice of the Supreme Court of the District of Columbia and addressed to South Trimble, Clerk of the House of Representatives, directing him to appear as a witness before criminal court, division no. 1, on the 10th day of April 1934 and to bring with him certain and sundry original papers in the possession and under the control of the House of Representatives; and

Whereas the United States Attorney for the District of Columbia advises that for certain peculiar reasons it is essential that the original papers and documents be produced in court, and not merely certified or photostatic copies thereof; and

Whereas by the provisions of section 247 (c) of the Federal Corrupt Practices Act of February 28, 1925, the Clerk is required to preserve such documents and papers for a period of 2 years from the date of filing; and

Whereas said documents and papers were filed with the Clerk during the period from September 1928 to February 1929, which is over 2 years ago, and are now therefore subject to destruction: Therefore be it

*Resolved*, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

*Resolved*, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

*Resolved*, That South Trimble, Clerk of the House, be authorized to appear at the piace and before the officer named in the subpena duces tecum before mentioned, with the originals as well as certified photostatic copies of the documents and papers mentioned in the said subpena and submit the said papers and documents to the examination of the Supreme Court of the District of Columbia from time to time according to its convenience, retaining, however, the custody of the original papers and documents; and be it further

*Resolved*, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena aforementioned.

The SPEAKER. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I should like to make a brief statement in explanation of the resolution.

Recently the House passed a resolution dealing with this matter. After the resolution was passed we were apprised that because of certain conditions copies of the documents would not meet the requirements of the court. When we looked into the matter we found that the documents subpenaed are not the ordinary records of the House. They

are records which under the law are to be preserved for 2 years, and after that time are subject to destruction. In other words, the Clerk could now take them out and burn them under the law. I was not able to get in contact with all of the members of the Committee on the Judiciary, but such as I was able to contact agreed, as everybody must agree, that the House could not justify itself in disregarding a subpena of the court to permit the presentation in the court at the request of the court of documents which the Clerk of the House under law may now burn. This resolution simply amends the resolution which we passed the other day, which permits the Clerk of the House to attend under subpena duces tecum with copies of these documents so as to permit him now to attend with the original documents as the court has requested. I am sure that no one can have any objection to this resolution.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to vacate House Resolution 320, passed the other day, and lay that on the table.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SALE OF ALCOHOLIC LIQUORS IN ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Concurrent Resolution 12, which I send to the desk and ask to have read.

The Clerk read as follows:

Senate Concurrent Resolution 12

*Resolved by the Senate (the House of Representatives concurring)*, That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (S. 2729) entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", be rescinded, and that in the reenrollment of such bill the last proviso of section 1 reading as follows: "*Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917", be stricken out.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was passed was laid on the table.

ELECTION OF A MEMBER TO A COMMITTEE

Mr. DOUGHTON. Mr. Speaker, I offer the following privileged resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 323

*Resolved*, That WILLIAM B. BANKHEAD, of the State of Alabama, be, and he is hereby, elected Chairman of the standing committee of the House Committee on Rules.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

RECENT DEVELOPMENTS OF THE AIR-MAIL CANCELATIONS

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered over the radio last night by the gentleman from New York [Mr. FISH].

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLARD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

The original blunder in the cancelation of the air-mail contracts has been the cause of a continuous series of blunders under the administration of Postmaster General James A. Farley. These blunders have reached a stage where they are both tragic and ridiculous.

The newest scheme proposed by Commissar Farley is the most colossal blunder of all that have so far been attempted in the air-mail fiasco in "blunderland." It is solemnly proposed by the Postmaster General to call for new bids, shutting out the old air-mail companies unless they reorganize by eliminating their own officials and permitting the use of flivver planes. Competing companies claim this is a device to extend favoritism to the American Airways, headed by E. L. Cord, a friend of the administration, which has a monopoly of this type of planes. It is inconceivable that the Postmaster General could find any more ways to commit additional blunders, but apparently he has. Whether Fourth Assistant Postmaster General Evans or Director of Aeronautics Eugene Vidal, of the Commerce Department, the former of whom was connected with Mr. Cord in his aviation companies, had a hand in drawing up these proposed contracts is a matter for future determination.

However, the fact remains that the Postmaster General actually contemplates scrapping great commercial air lines with millions of investments in airplanes, equipment, and airports to make a political holiday and thereby ruin many people by wrecking established aviation companies and crippling the Air Mail Service.

At the outset of my remarks I wish to point out that there are a few facts that are evidently misunderstood or overlooked altogether which are essential before reaching a just conclusion as to the merits or demerits of the air-mail controversy. First, that in spite of all the charges of profiteering and graft hurled at the air-mail companies by administration supporters, few, if any, ever paid dividends or made any profits or paid big salaries to their officials. Out of the $14,000,000 paid in subsidies last year, approximately seven million went to the Government in air-mail postage. Some of the larger air-mail lines, like the Transcontinental and Western, returned a substantial profit in air-mail postage to the Government over and above the subsidy received.

The futility of the efforts of the Democrats who have been in power in Congress for 3 years in attempting now to charge the previous Republican administration with not providing adequate funds for the Army Air Corps must be apparent to every fair-thinking American. However, the charge is completely repudiated by the undisputed fact that President Roosevelt and his Director of the Budget cut in the most dictatorial and unwarranted manner the congressional appropriations for the maintenance and operation of the Army Air Corps from $15,193,614 to $7,293,416 during the last year. This drastic reduction by the President cut the flying time of the Army pilots to 25 minutes per day. Is it any wonder that they are not efficient and highly trained as night flyers and in cross-country flights? If anyone is to blame for the inefficiency of the Army Air Corps, it is the President of the United States and the Director of the Budget.

A few weeks ago the greatest aviator since the war, Colonel Lindbergh, testifying before a congressional committee, called the cancelation of the air-mail contracts without a hearing "unjust and un-American." He was followed by Captain Rickenbacker, who shot down 27 German planes and has every kind of American decoration for valor. Apparently he still has the fighting spirit and the courage of his convictions, because he called on the President to purge his official family of traitorous members who advised him to cancel these contracts.

Who are the traitors who have been responsible for the legalized, if not political, murder of 12 Army Air Corps pilots? There is something very rotten in Denmark in connection with the cancelation of the 23 air-mail contracts almost overnight on February 9 by Executive order. Who advised the President to issue the Executive order? Who advised Mr. Harllee Branch, the Second Assistant Postmaster General, to send for Major General Foulois, Chief of the Army Air Corps, on that fatal February 9 and ask him if the Army pilots could fly the air mail?

Postmaster General Farley stated before the Senate committee that the letter he signed to Chairman BLACK, notifying him of the cancelation of the air-mail contracts, was written by Solicitor Crowley of the Post Office Department and Attorney General Cummings. Who asked them to write the letter and on what date? The cancelation of the air-mail contracts is still shrouded in considerable mystery, and it will take time to unravel all the facts that are concealed in this recently discovered labyrinth of partisanship and greed. From the beginning I have been convinced that politics and selfish interests have been the main causes for the cancelation of the air-mail contracts without a hearing. I join with Captain Rickenbacker in demanding that the guilty parties be exposed and that the traitorous element responsible for the rotton mess be dismissed from office.

The answer of the administration is that there was fraud and collusion in making the contracts 4 years ago under a Republican administration, but in spite of Postmaster General Farley's telegram to Colonel Lindbergh, that "you do not know all the facts" or in other words "you do not know what you are talking about", Mr. Farley does not produce an iota of evidence of fraud, beyond glittering generalities, to substantiate his charges. If there is fraud the public are entitled to all the facts and the guilty should be punished. If the air-mail contracts had been filled with fraud that would have been all the more reason to have provided a hearing and held the guilty accountable for defrauding the Government. However, not being able to prove fraud against all the companies and desiring to smear the previous Republican administration the air-mail contracts were canceled, as Colonel Lindbergh said, unjustly and in an un-American manner. I go farther and say that the administration, drunk and arrogant with its autocratic powers, canceled these contracts on the basis that might makes right, and for political and selfish reasons.

The high-handed, arbitrary, and dictatorial cancelation of the air-mail contracts is a typical example of the extent to which

this administration has copied some of the autocratic tactics of fascism, Hitlerism, and communism at their worst.

Another recent example is the attempt to single out Andrew W. Mellon, former Secretary of the Treasury, and combine him with former Mayor Walker, a political enemy of the President, for a special investigation of their income taxes. It is just a part of the extraordinary partisan practices of this administration to attempt to punish its critics or political enemies. Hardly had Colonel Lindbergh wired his protest against the unjust cancelation of air-mail contracts without a hearing to the President but he was called by the President's Secretary a publicity hound and his income tax investigated. It behooves Al Smith and John W. Davis to be careful with their income taxes, as they may be the next in line to be called before the inquisition.

In spite of the charges of fraud repeated like parrots by adherents of the administration's policy of canceling the air-mail contracts, I believe that the real fraud, it will develop, came from the efforts of the private air-line companies that held no Government contracts but wanted to have their share of the pie or subsidies.

The newspapers have already printed articles indicatmg that selfish interests and greed of the worst kind were instrumental in causing the cancelation of the existing contracts. Captain Rickenbacker is right: Who misled the President, and what were the motives behind such traitorous actions?

Postmaster General Farley has played a most pathetic part in the whole air-mail controversy. During that tragic period when 12 Army pilots lost their lives the Postmaster General was roaming around the country in his double capacity as chairman of the Democratic National Committee, making speeches and dispensing patronage, and in his capacity as Democratic State chairman trying to take over control of the Tammany organization in New York City. What a travesty on efficient government that a Cabinet officer largely responsible for the air-mail fiasco can serenely travel about in partisan politics at a time when air-mail pilots were either giving their lives or risking them daily and nightly to deliver the Government mail. It just does not seem right that such things can be. The immediate resignation of the Postmaster General is in order, either in both of his political positions or as a member of the Cabinet responsible for the efficient handling of the mail.

The question is asked on every hand what should be done? The answer is very simple. Revoke the order to the Army Air Corps to carry the mail and return it immediately to the air-mail companies that were carrying it prior to February 9. Then, provide for a nonpartisan hearing and thorough investigation and enact legislation based upon the facts developed by such investigation.

There has been an attempt by General Foulois, Chief of the Army Air Corps, to offer alibi after alibi in defense of his assertion that the Army pilots could fly the mail routes efficiently. The fact is that General Foulois has been so wrong from the beginning of the tragic episode and his statements so prejudiced that they are not entitled to any consideration. He has to share the responsibility for the debacle, of the Army Air Corps' attempt to fly the mail, with President Roosevelt and Postmaster General Farley, and a number of subordinates who misled the President.

Major General Foulois made a partisan political radio speech several weeks ago, denouncing the critics of the administration's air policy, and saying that they did not know what they were talking about; that the Army Air Corps was highly efficient and splendidly equipped. In time of war, Army officers who commit blunders of such magnitude are relieved of their command. In time of peace they should be retired so they can do no further harm. The latest alibi of General Foulois is that the percentage of deaths of Army pilots in the last month has not been excessive. This is the last straw of misinformation. The fact is that the ratio of deaths in the Army Air Corps in the first month of operation in connection with flying the air mail, based on miles flown, as compared to miles flown by commercial air pilots for the past year is 50 to 1. If the private air-mail flyers had the same proportion of casualties it would have meant the death of 500 commercial mail pilots during the last year.

The private air-mail companies maintained a schedule of 109,000 miles per day and only eight pilots were killed throughout the year. The Army Air Corps had a schedule of 40,000 miles per day, which, however, they did not maintain. The average maintained was approximately 25,000 miles, or less than one fourth of that kept up by the private air-mail companies.

The colossal blunder of the administration's cancelation of the air-mail contracts without a hearing has shocked fair-minded Americans irrespective of party affiliations. It has caused a loss of confidence and a lightning-like change in the American public opinion. People are beginning to wonder and to ask themselves if the charges that we have an autocratic, dictatorial administration at Washington are true. That is something they had not voted for nor bargained for.

The Roosevelt honeymoon has cracked up on the cancelation of the air-mail contracts. The American people have not been accustomed in the past to a policy of repudiation of contracts or even a repudiation of party promises and pledges, nor of vindictive partisan reprisals. All of this is something new, and constitutes a radical departure from American political practices. They do not like it and openly denounce such unfair and un-American experiments. In all fairness, however, the hands of the "brain trust" are not evident in this, the first blunder of the administration. There are abundant reasons to blame the "brain trust" for many of the unworkable and socialistic experiments of the administration, where contracts have been ignored and disregarded, but in this case it is probable that the various radical experiments taken under their leadership to destroy contractual rights and constitutional liberties has become an irresistible and outrageous example which was likewise followed in the hasty and un-American cancelation of the air-mail contracts without a hearing of any kind.

### LEAVE TO ADDRESS THE HOUSE

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object, and I shall object. I do not think we ought to have any speaking at this time. We have come here to act on the Consent Calendar, and we ought to proceed with our business. I object.

Mr. WOOD of Missouri. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and the disposition of matters on the Speaker's table, I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. I reserve the right to object. On what subject?

Mr. WOOD of Missouri. Mr. Speaker, I have not taken any time of the House. I wish to address the House on some matters which I think concern people of the Nation. Also with reference to the activities of certain organizations and with reference to certain assertions that have been made in this House about the American Federation of Labor.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object, although I shall not object.

Mr. WOOD of Missouri. What is the gentleman's reason?

Mr. BLANTON. I just want to find out something about the program. We have an appropriation bill that comes up next week under general debate, and there will be plenty of time allotted to Members under general debate. Cannot the gentleman get his 30 minutes' time on that?

Mr. WOOD of Missouri. I have not taken any time of the House. The gentleman has taken plenty of time.

Mr. BLANTON. Whenever I take up any time it is in the interest of and to benefit the people of the country.

Mr. WOOD of Missouri. I want 30 minutes to clear up some matters and the misapprehension that has been left about the labor movement.

Mr. BLANTON. Certainly, the gentleman should have time. I suggest to the gentleman that there will be general debate under the appropriation bill, where he can then get the time, if that suits him.

Mr. WOOD of Missouri. I know. I asked unanimous consent to speak on Wednesday and on Thursday, and objection was made. I am not going to interfere with the business of the House.

Mr. BLANTON. I am trying to help the gentleman.

Mr. WOOD of Missouri. I am as anxious to pass on the appropriations as the gentleman is.

Mr. BLANTON. Cannot the gentleman wait and get time under the appropriation bill? If that does not suit him, I have no objection to his request.

Mr. WOOD of Missouri. I have been waiting, but the gentleman never waits.

Mr. FOULKES. Mr. Speaker, I object.

### CAMP MERRITT—WORLD WAR SHRINE

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker—

Camp Merritt, in my opinion, should be a national shrine, as troops from every State in the Union passed through it, either going over or returning from overseas. It was the greatest of our embarkation camps during the war and the busiest debarkation center following the armistice. The majority of the A.E.F. at one time or another were guests of Camp Merritt, some for days, others for weeks, according to the availability of transports.

And to the permanent garrison of Camp Merritt I should like to pay a tribute. Many of them lost their lives while performing necessary tasks on this side, not being permitted to go overseas,

as their work here was considered of vast importance. They wanted to "shove off" with the thousands who left daily for "over there", but had to be contented with duty here.

These are not my words; they were written eloquently in the early part of 1932 by a great American who has endeared himself to the Nation.

A decade ago I stood in a vast throng about the monumental shaft that marks its historic site. General Pershing was there. The great embarkation camp had gone. In its place had arisen the simple granite spire which was that unveiled. Pointing heavenward, it stood as a simple reminder of the gallant and vibrant youth that passed through the camp to fight our battles overseas, of those who died that we might live, of our disabled and afflicted veterans—our living dead—of the boys who returned to us, but who, nevertheless, were ready and willing to lay down their lives for our country and for us.

This monument is the last vestige of the camp which bore the name of that distinguished soldier, Gen. Wesley Merritt, whose widow did so much to make camp life comfortable for our youthful warriors. The veteran cherishes this familiar ground. It is enshrined in the hearts of veterans. My people look upon it sacredly, grateful as we are to the legions of brave young men who remained with us a little while and then embarked overseas to defend and preserve the liberties of the world.

Is this spire, this granite shaft to be the memorial for those who consecrated this hallowed place? Or shall Camp Merritt become, as it deserves, a national shrine? Located in my district, I have felt it my duty to introduce a bill (H.R. 8139) to provide for the establishment of a national monument on the site of the great camp which has been aptly styled "The aristocrat of America's military cantonments." I urge today your support for the preservation of the situs of the foremost American encampment during the World War.

Many of you in the next few days will be passing it at no great distance when you visit many and notable points of interest in its vicinity. I wonder how many of you will pause for a moment during the trip to West Point to picture the hundreds of thousands of patriotic youth of the Nation who gathered there to take final leave of the country and their nearest and dearest to invade foreign lands making war against war; Members of this House were soldiers there. They know all that Camp Merritt meant and still means.

The camp site is situated in a region endowed with beauties of nature unsurpassed in America and abounding with legend, romantic and historic.

The camp covered a part of the ancient hunting grounds of the Lenni-Lenape, one of the Indian tribes of the Six Nations. Over it traversed the boys and men of older days in the great Revolutionary War which gave us our country.

Fort Lee, overlooking the Hudson, is not far away. Here Washington came from New York, and it is one of the earliest battlegrounds of the Revolution. Just below Fort Lee is Edgewater on the Hudson, where thousands after thousands of boys from Camp Merritt took the One hundred and thirtieth Street Ferry across the Hudson to visit New York.

Weehawken, where Alexander Hamilton and Aaron Burr fought their duel, is but a few miles below Fort Lee, which adjoins Cliffside Park where I live in close proximity to Palisade Amusement Park where the service men often went for recreation.

Alpine Landing is about 2 miles northeast of the camp and was one of the principal outlets of the camp when the movement of troops overseas was at its peak. During the Revolution Cornwallis crossed the Hudson from New York to the Jersey side, making his headquarters in an old Dutch house in Alpine Landing, which is still standing.

Tappan, N.Y., just across the New Jersey-New York State line, is approximately 15 miles north of the camp. It was near this place that Major Andre, the British spy, was executed for his part in Benedict Arnold's treasonable plan to surrender West Point. Andre's prison house still stands. West Point is not greatly distant to the north on the same bank of the Hudson River.

Tappan Zee, of Ichabod Crane fame, is close by Tappan, and further to the north are the Catskill Mountains that lured Rip Van Winkle. Irving immortalized the west bank of the Hudson just as he did Sleepy Hollow on the east side of the river.

A trip up or along the Hudson impresses one with the grandeur of the Palisades behind which is sheltered the great camp of the World War, a very short distance from the George Washington Bridge, which lately spanned the river to connect New Jersey and New York. The Palisades commence a little above Hoboken, the chief embarkation port during the late war, extending northward along the New Jersey bank of the Hudson, a distance of about 20 miles. In places they rise 500 to 600 feet above the river and constitute a solid wall of dark rock known the world over as one of the most picturesque objects of natural scenery. No other camp in the country was located in such a beautiful and historic locality.

It was named in honor of a great general, Wesley Merritt, a young cavalry leader developed by the Civil War. He was a product of West Point and led the charge at Beverly Ford. He rendered notable service at Gettysburg and later commanded the Cavalry operating in Virginia. He was in the Richmond campaign and commanded the first division of Sheridan's Army in the Shenandoah Valley. He was present at the surrender of Lee at Appomattox and was one of the three commissioners appointed by General Grant to carry out its terms. He was afterwards Superintendent at West Point, and General Pershing was a student for his 4 years under him. He took part in the Spanish-American War and was appointed Military Governor of the Philippines. With Admiral Dewey he received the surrender of Manila and subsequently attended the conference in Paris which arranged the treaty of peace with Spain.

The Camp Merritt Memorial Association, Inc., is keeping alive the spirit of the hallowed ground of the camp, which merits all reverence, respect, and honor. Each Memorial Day it joins with the veterans of all wars to rededicate the site and pay homage. The only memory of the camp is the lonely monument. Upon it is inscribed:

In memory of those soldiers who gave their lives for their country while on duty in Camp Merritt.

This monument marks the center of the camp and faces the highway over which more than a million American soldiers passed on their way to and from the World War, 1917–19.

Erected by the State of New Jersey, the county of Bergen, the Bergen County Historical Society, officers and men of Camp Merritt, many patriotic citizens and the Camp Merritt Memorial Association.

It stands in the middle of crossroads with no other setting. The camp lands were leased, the Government never acquired title to any of them. Surrounded by a portion of the 350 acres that constituted the camp, even though a small part, the simple shaft would have the setting it deserves and the camp itself would be preserved for posterity. There will be no more appropriate time for Congress to constitute this camp a national monument and shrine—a true permanent garrison. Shall we not pay this tribute?

## VOCATIONAL EDUCATION

Mr. BANKHEAD, from the Committee on Rules, presented the following resolution, which was referred to the House Calendar and ordered to be printed:

House Resolution 324 (Rept. 1144)

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the

previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

CONSENT CALENDAR

The SPEAKER. The Clerk will call the first bill on the Consent Calendar.

BRIDGE ACROSS LAKE SABINE NEAR PORT ARTHUR, TEX.

The Clerk called the first bill, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, the bill will be passed over without prejudice.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FOULKES. Mr. Speaker, I withdraw the objection to the request made by the gentleman from Missouri [Mr. WOOD].

Mr. WOOD of Missouri. Mr. Speaker, I ask unanimous consent that on Monday morning after the reading of the Journal and the disposition of matters on the Speaker's desk I be allowed to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. WOOD]?

There was no objection.

CONSENT CALENDAR

SETTLEMENT OF CLAIMS OF OFFICERS AND ENLISTED MEN

The Clerk called the next bill, H.R. 1724, providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899.

Mr. ZIONCHECK. Reserving the right to object, when was this bill put on the calendar?

Mr. TARVER. I do not recall the exact date. February 2 is what is shown by the calendar.

Mr. ZIONCHECK. This is the first time this bill has appeared upon the Consent Calendar, is it not?

Mr. TARVER. May I say that when the bill was first reported to the House it was erroneously placed upon the Private Calendar, and was thereafter transferred to the Consent Calendar by direction of the Speaker.

Mr. ZIONCHECK. Has the gentleman any objection to passing it over without prejudice?

Mr. TARVER. There is no possible objection that I can see that any Member could have to the passage of this bill.

May I explain to the gentleman just what the bill provides? The act of January 12, 1899, provided for the payment of 1 month's and 2 months' extra pay to men who enlisted for the period of the emergency. Thereafter, on March 2, 1899, the Congress passed an act providing for the enlistment of additional personnel, and when those men who enlisted March 2, 1899, were discharged they filed their claims for this 1 month's and 2 months' extra pay, determined by whether or not they had served at home or abroad, and their claims were denied by the Acting Comptroller of the Treasury, who construed the act of January 12, 1899, to be retroactive in operation. Thereafter, in 1904, in a case brought in the Court of Claims, that court decided that the act did not have retroactive operation alone, but that those who enlisted under the act of March 2, 1899, were entitled to this extra pay. Subsequent to that time every claim filed by any of these men has been allowed. The only claimants that have not been paid have been those whose claims had been filed first and were erroneously denied, and the Comptroller General points out in his report, which appears in the RECORD, that the only reason they could not receive their money now is the fact that they acquiesced in an erroneous decision. There is no question but that the Government of the United States owes this money to those veterans of the Philippine Insurrection and the Boxer Rebellion.

Mr. ZIONCHECK. How many men are affected under this provision?

Mr. TARVER. According to the estimate made by the Comptroller General, there are approximately 7,000. May I say to the gentleman that I have no more interest in this bill than any other Member of this House. These men are scattered throughout the United States. The bill passed the House during the last session without objection, and in view of the fact that it is admitted by everyone familiar with the facts that the Government owes this amount of money involved, I cannot conceive of any reason why anyone should object to the passage of this bill now.

Mr. ZIONCHECK. Mr. Speaker, I withdraw my objection. I simply wanted to find out what the bill provided, because I had not had an opportunity to read it.

There being no objection, the Clerk read as follows:

*Be it enacted, etc.*, That the General Accounting Office is authorized and directed to receive and settle claims of officers and enlisted men who were appointed or enlisted in the Army under the act of March 2, 1899 (30 Stat.L. 979), for 1 or 2 months' extra pay provided by the act of January 12, 1899 (30 Stat.L. 784), notwithstanding the disallowance of their claims for such extra pay by the former accounting officers of the Treasury.

With the following committee amendment:

Page 1, line 7, after the figures, insert " as amended."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MEDICAL SERVICES AFTER RETIREMENT OF FORMER EMPLOYEES OF UNITED STATES

The Clerk called the next bill, H.R. 1766, to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties.

There being no objection, the Clerk read as follows:

*Be it enacted, etc.*, That section 9 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U.S.C., supp. V, title 5, sec. 759), is hereby amended by adding at the end thereof a new paragraph to read as follows:

"All of the benefits authorized to be extended by the first paragraph of this section to employees suffering personal injuries shall be made available to any person who receives or may hereafter receive an annuity under the provisions of the Civil Service Retirement Act, approved May 29, 1930 (U.S.C., supp. V, title 5, ch. 14), and who continues to be or becomes disabled as the result of a personal injury sustained while in the performance of his duty as an employee. This paragraph shall apply only to persons who would have been entitled to the benefits provided by such first paragraph if they had continued in the employment of the United States or the District of Columbia."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EAST BAY MUNICIPAL UTILITY DISTRICT

The Clerk called the next bill, H.R. 6530, granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes.

Mr. ENGLEBRIGHT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called the resolution (H.J.Res. 271) providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

Mr. TABER. Mr. Speaker, reserving the right to object, this bill makes permanent an annual appropriation. Unless it is amended so that it is an authorization of an appropriation, I shall have to object.

Mr. WOLCOTT. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WOLCOTT. Let me call the gentleman's attention to the fact that the bill just authorizes an appropriation.

Mr. BLANTON. Well, Mr. Speaker, it is a bad bill anyway. I object.

CLAIMS OF OMAHA TRIBE OF INDIANS

The Clerk called the next bill, H.R. 5881, to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians.

Mr. ELTSE of California. Reserving the right to object, this is the famous Count Barada bill. I should like to ask the author of the bill some questions about it. Why have not these Indians long since been recognized? They are claiming recognition.

Mr. CHAVEZ. The gentleman is inquiring about the Omaha Tribe of Indians?

Mr. ELTSE of California. That is right.

Mr. CHAVEZ. These Indians are in the district of the gentleman from Nebraska [Mr. HOWARD]. It appears that for some reason or other Indians—not necessarily Indians, no, because they are not Indians——

Mr. ELTSE of California. They are not Indians?

Mr. MOREHEAD. They are half-bloods.

Mr. CHAVEZ. The gentleman from Nebraska [Mr. MOREHEAD] will be able to explain it, for he knows the conditions.

Mr. TABER. Is not this the bill that was beaten on a suspension of the rules awhile ago?

Mr. MOREHEAD. It was on the calendar 10 days or more ago.

Mr. CHAVEZ. It was passed over without prejudice, I think.

Mr. MOREHEAD. There was one objector in order to secure further information. If the gentleman will permit, I will give a little of the history of this case.

Mr. TABER. Mr. Speaker, reserving the right to object, I shall object unless I am furnished some better reason than we had the other day.

Mr. MOREHEAD. I have known the claimants for 48 years. There were certain customs practiced on these reservations at that time and they did certain things for the Indians, and it was necessary for the agent to be favorable to the claimants if they secure their rights.

I am not the author of the bill, but I have an acquaintance with these people and am familiar with the history of the case. I have an explanatory statement here which I will read, if I have sufficient time:

Antoine Barada was an Omaha Indian of the half blood, and he had two full sisters, Margaret Sloan and Mary Jane Paul. They were enrolled, recognized members of the Omaha Tribe, and paid annuities in common with other members, there being no distinction in membership as to whole- or mixed-blood Indians.

Antoine Cabney, oldest child and son of Mary Jane Paul, was sent to school at St. Louis, where he developed into a steamboat engineer. His employment kept him away from the Indian reservation. His children were born and lived away from the Indian country, and not any of them were living on the Omaha Reservation in 1865 or 1882 or during the allotment period. He was an allottee on the Half-breed Indian Reservation, was allotted on the Omaha Reservation, and all his descendants who were born in time to have allotments, which included grandchildren. His wife, a white woman, Anna Cabney, was allotted as an Indian, although she was not a resident on the reservation in the year 1882 or the following year. His grandchildren were one sixteenth Indian.

The family of Amelia Campbell were situated the same as the Cabney family, and all were allotted.

The same is true of the large family of Theresa Fuller; not one of them ever lived upon the Omaha Reservation or had a home there, still they were all allotted.

Joseph LaFlesche, who was one of the chiefs who signed the treaty of 1865, was a half-blood Ponca and French; he was married to an Omaha Indian woman. He caused the insertion of the clause "including their half- or mixed-blood relatives now residing with them", for the purpose of extending the benefits of that treaty to himself and children, some of whom were not of Omaha Indian blood. This clause was intended to be inclusive, but was construed the other way.

Antoine Barada kept up his contact with the Omaha Tribe of Indians, and the older chiefs all knew him, and his family was enrolled and received annuities. In the earlier days of payments under the treaties the money was turned over to the chiefs, and the chief of the band to which Antoine Barada belonged always paid him the shares that belonged to his family. As such payments were occasions for visiting and feasting, scattered Omaha Indians came to the payments at their own agencies if it was possible. But often the chief used to send the money to the Barada family.

Later a rule was made, without authority of law, that payments were not made to any who did not come to the reservation. This was done to force roving bands, some of whom were hunting or trapping, to return to the reservation. It was a means of settlers getting Indians out of the way and securing their camping and hunting grounds. As mixed bloods were usually farmers, and if located at a distance they could not readily return to the reservation, and the white officials did not know them nor about them and made up the rolls excluding all who were not on the reservation. In that way many names were lost and contact broken. But that rule was not applied to the Cabneys, nor the Fullers, nor to the Campbells, and many others. There was an entire lack of consistency in applying the rules, and as rules they should have been consistently applied. They were not. The result that Thomas Barada was born and raised an Indian in the Indian country was denied, while relatives with only one fourth as much Indian blood as he, and never a resident in the Indian country, were accepted and allotted and paid all shares of moneys paid to the tribe.

The same blooded relations were allotted lands, and the children received the same recognition. The intent and purpose of this bill is to have these people enrolled just as members or relatives of their own family have been enrolled, although I cannot say that it would not be an expense in course of time.

It is not a matter of history but it was a practice that when any of the tribal relatives came there to settle on the land, they always furnished a feast for the Indians. The agent at that time on the reservation made an unfavorable report as the heads of these families refused to comply with the customs previously established. I knew these heads of families personally and they had ideas of their own; and they were kept off the rolls for not complying with this established custom.

Mr. ELTSE of California. But it is a fact, is it not, they are not permitted to have any claim on tribal lands or to share in any of the money?

Mr. MOREHEAD. None whatever.

Mr. ELTSE of California. And is it not a fact also that these very Indians named here by name have interbred with the whites and are now pretty well removed so far as their Indian blood is concerned? Is it not a fact they are pretty well removed from Indian blood at the present time?

Mr. MOREHEAD. Like most Indians, they have married and intermarried. I live in southeast Nebraska. Back in the early days the Indians in that part of the country intermarried with the whites.

Mr. ELTSE of California. But is it not true that they have so intermarried with the whites that they have practically pulled away from the Indians; that they felt that the Indians were not good enough for them?

Mr. MOREHEAD. No; they are living among them. The lady who is here looking after this claim is a woman 60 years of age.

Mr. TABER. Does this bill give them some claim against the Government?

Mr. MOREHEAD. No; I understand not.

Mr. HOWARD. It is for an investigation only. They can have no claim whatever against the Government unless the Secretary of the Interior shall discover as a result of his investigations that they are entitled to it.

Now, I shall thank the gentleman from New York and the gentleman from California if they will permit me to supplement what my colleague has said in this regard by just calling attention to one paragraph in the Secretary's report which is not friendly to the legislation. That paragraph calls our attention to the case of *Sloan* v. *United States* (118 Fed. 283), which goes fully into the facts, and so forth. In that case Thomas Sloan, a man of half Indian blood and a learned man among the Indians, bore exactly the same relation to the roll as do the people whose names are mentioned in this bill. Sloan was admitted to the roll and enjoys all the benefits of that enrollment at the present time.

I may say to the gentleman from New York that I am personally acquainted with the fact and I may say to the gentleman that I know of my own personal knowledge that Mrs. Mitchell, her children, and her grandchildren are recognized as members of the tribe and have always participated in every tribal function which went to the benefit of any member of the tribe.

Mr. TABER. Why were they not enrolled before?

Mr. HOWARD. For the reasons we tried to state, but have not had an opportunity to explain all of them.

In the early days enrollment commissioners did not at all understand the Indians. There were men and women commissioners who were not competent to understand, and somehow or other they became inflamed against a certain branch of this family or that family. One certain enrollment commissioner did that. For this reason these people, who had lived on their allotment for 8 or 10 years, were absolutely dispossessed of their possessions after they had held them through all these years. If we had time we could explain, but we cannot in a legislative program of this kind go into minute detail; but I beg of you gentlemen to accept the word of the gentleman from Nebraska [Mr. MOREHEAD] and myself for the fact that these people are in fact members of the Omaha Tribe and recognized as such by the Omaha tribal council, and have been for years.

Mr. TABER. How big an appropriation will be required under this bill?

Mr. HOWARD. Indeed, I have never figured on it at all.

Mr. MILLARD. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. TABER, Mr. WOLCOTT, and Mr. ELTSE of California objected.

EXAMINATION OF OGEECHEE RIVER, STATE OF GEORGIA

The Clerk called the next bill, H.R. 7793, authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, this seems to be a departure from the procedure which has been formerly followed with reference to these bills. I have been told by older Members of the House that this is about the first time a bill of this nature has been reported out of the Flood Control Committee. It seems to me that we should protect the integrity and jurisdiction of our several legislative committees, and if this is within the province of the Rivers and Harbors Committee they should take and maintain jurisdiction over this class of legislation. Of course, I know that the Rivers and Harbors Committee do not think it advisable, or the leaders, or someone at least, does not think it is advisable to report out a rivers and harbors bill. I am constrained to object for the reason that the Rivers and Harbors Committee should have jurisdiction of this bill.

Mr. PARKER. I may say to the gentleman that the Rivers and Harbors Committee, on which I hold membership the same as the Flood Control Committee, has reported a bill at this session of Congress, and it does not include this kind of measure.

Mr. WILSON. May I give the gentleman some information?

Mr. WOLCOTT. Just a moment. I am under the impression that no river and harbor bill, as we generally consider it, has been reported out of the Rivers and Harbors Committee.

Mr. PARKER. It has already been reported.

Mr. WOLCOTT. May I ask the gentleman to give me the number, and the calendar number if it is on the calendar? I should like to refer to it, because I have been told we could not expect a river and harbor bill at this session of Congress.

Mr. WILSON. It is here.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. WILSON. Mr. Speaker, I should like to give the gentleman some information.

Mr. ELTSE of California. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. WOLCOTT. I will have to object, Mr. Speaker, if the regular order is demanded.

I have asked unanimous consent that this be passed over without prejudice in order to give us a little time to study the matter.

Mr. WILSON. I should be glad to give the gentleman some information now.

The SPEAKER. Is there objection to passing the bill over without prejudice?

Mr. WILSON. Mr. Speaker, reserving the right to object, may I give the gentleman some information? There have been many surveys made for flood control and we have passed many bills too where preliminary examinations have been made. Where flood control is the chief object we have passed bills authorizing a complete survey through the engineers of the Army as especially provided in the Flood Control Act. The Rivers and Harbors Committee does not ask for jurisdiction of matters of this kind. The Flood Control Act especially authorizes these preliminary examinations in order to find out the feasibility of adopting certain flood-control projects.

Mr. WOLCOTT. Mr. Speaker, I renew my unanimous-consent request that this bill be passed over without prejudice.

Mr. PARKER. Mr. Speaker, I object. Let them kill the bill if they want to.

Mr. TABER, Mr. ELTSE of California, and Mr. WOLCOTT objected.

DONATION OF LAND TO THE TOWN OF BOURNE, MASS.

The Clerk called the next bill, H.R. 503, to authorize the donation of certain land to the town of Bourne, Mass.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of War is hereby authorized to convey without charge to the town of Bourne, Mass., for school playground purposes, two small parcels of land aggregating about six tenths of an acre located in the vicinity of the Bourne Grammar School in said town, which land was acquired by the United States in connection with the acquisition of the Cape Cod Canal: *Provided*, That such conveyance shall be made with the express condition that the land shall be used for school playground purposes and no other, and that in case it is not so used it shall revert to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WELFARE OF THE INDIANS

The Clerk called the next resolution, H.J.Res. 257, authorizing the Secretary of the Interior to arrange with the several States or Territories for the education, medical attention, relief of distress, and social welfare of the Indians, and for other purposes.

Mr. HASTINGS. Mr. Speaker, reserving the right to object, I understand from the author of the bill that it is agreeable to accept an amendment to the bill, to be known as section 5, to the effect that the provisions of the bill shall not apply to the State of Oklahoma.

Mr. O'MALLEY. Mr. Speaker, the Senate has passed an identical bill, and I ask unanimous consent that the Senate bill be substituted for the House measure. The Senate bill is on the Speaker's desk.

The SPEAKER. Is there objection to the substitution of the Senate bill, S. 2571?

There was no objection.

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Interior is hereby authorized, in his discretion, to enter into a contract or contracts with any State or Territory having legal authority so to do, for the education, medical attention, agricultural assistance, and social welfare, including relief of distress, of Indians in such State or Territory, through the qualified agencies of such State or Territory, and to expend under such contract or contracts moneys appropriated by Congress for the education, medical attention, agricultural assistance, and social welfare, including relief of distress, of Indians in such State.

SEC. 2. That the Secretary of the Interior, in making any contract herein authorized with any State or Territory, may permit such State to utilize for the purpose of this act, existing school buildings, hospitals, and other facilities, and all equipment therein or appertaining thereto, including livestock and other personal property owned by the Government, under such terms and conditions as may be agreed upon for their use and maintenance.

SEC. 3. That the Secretary of the Interior is hereby authorized to perform any and all acts and to make such rules and regulations, including minimum standards of service, as may be necessary and proper for the purpose of carrying the provisions of this act into effect: *Provided*, That such minimum standards of service are not less than the highest maintained by the States or Territories with which said contract or contracts, as herein provided, are executed.

SEC. 4. That the Secretary of the Interior shall report annually to the Congress any contract or contracts made under the provisions of this act, and the moneys expended thereunder.

Mr. HASTINGS. Mr. Speaker, I shall continue to reserve the right to object for the purpose of asking the author of the bill if it is agreeable to accept this amendment.

Mr. O'MALLEY. Mr. Speaker, as I understand, the amendment proposes to exempt the State of Oklahoma from the application of this bill. If the amendment does only that, I am willing to accept it rather than have the gentleman from Oklahoma object to the consideration of the bill.

The Clerk read as follows:

Amendment offered by Mr. HASTINGS: On page 2, at the end of the bill, add a new section, to read as follows:

"SEC. 5. That the provisions of this act shall not apply to the State of Oklahoma."

Mr. MOTT. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from Oklahoma what is the reason for exempting Oklahoma and not every other State that has a number of Indians?

Mr. HASTINGS. I did not want to take up the time of the House for the purpose of discussing the bill——

Mr. MOTT. If the gentleman please, I do not wish to have him discuss it, if he will just answer my question.

Mr. ZIONCHECK. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Mr. Speaker, I make the point of order that the objection stage has been passed and the gentleman from Oklahoma is now offering an amendment.

Mr. HASTINGS. No; I reserved the right to object.

Mr. BLANTON. But the gentleman's amendment is before the House and the bill has passed the objection stage.

Mr. HASTINGS. There is no objection to the amendment, as I understand it.

The SPEAKER. The gentleman from Oklahoma is recognized for 5 minutes on the amendment.

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman from Oregon [Mr. MOTT] was on his feet trying to get recognition.

Mr. MOTT. Mr. Speaker, if the gentleman will take a moment of his 5 minutes, that will be enough for me.

Mr. HASTINGS. That is what I intended to do.

Mr. MOTT. Mr. Speaker, I withdraw my reservation of objection.

Mr. BYRNS. Mr. Speaker, I make the point of order that a reservation of objection is not in order at this time. It is a question of the consideration of the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS]. The bill has passed the objection stage.

Mr. MOTT. Mr. Speaker, I have already withdrawn the reservation of objection.

Mr. BYRNS. Mr. Speaker, I make the point of order there is nothing to withdraw.

The SPEAKER. The gentleman from Tennessee [Mr. BYRNS] is correct. The gentleman from Oklahoma is recognized for 5 minutes on his amendment.

Mr. HASTINGS. The amendment was accepted by the author of the bill, and I did not care to discuss it except to answer the inquiry of the gentleman from Oregon. If the gentleman from Oregon does not want any further explanation, and if no one else wants any further explanation, and if I am assured the amendment is acceptable, I do not care to take up the time of the House.

Mr. O'MALLEY. Mr. Speaker, I am willing to accept the amendment.

Mr. MOTT. The gentleman from Oregon does want information on the point I asked the gentleman about.

Mr. HASTINGS. I may state, briefly, we have five or six Indian agencies in the State of Oklahoma. They have representatives scattered throughout every county and every subdivision of the State, and I think the Indian Service is better equipped to render this service to the Indians than my State. I know that my State is not equipped to render this service as efficiently or as adequately or as sympathetically as the Indian Service, and for this reason I have asked that the State of Oklahoma be excepted.

Mr. MOTT. If the gentleman will yield for another question, does the gentleman think the enactment of this bill would in anywise interfere with the nonreservation Indian boarding schools and the appropriations made from time to time for these schools?

Mr. HASTINGS. I do not believe it would. I do not believe it was intended to do that.

Mr. BLANTON. But the gentleman does not want to take any chances on it.

Mr. HASTINGS. I do not want to take any chances so far as my State of Oklahoma is concerned, and I am willing that the rest of you shall accept the responsibility so far as your States are concerned.

The amendment was agreed to.

Mr. DIMOND. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: On page 2, line 3, after the word "State", insert "or Territory."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House joint resolution (H.R.Res. 257) was laid on the table.

REVISION OF THE BOUNDARIES OF THE FREMONT NATIONAL FOREST

The Clerk read the title of the next bill on the calendar, H.R. 4934, to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Reserving the right to object, I should like to have the gentleman from Oregon explain whether it is contemplated to take any private lands?

Mr. PIERCE. This is the national forest southeast of Oregon. The object is to take up forest reserves that are very jagged, which were laid out in an early day. Much land was left out and is in the public domain. The object is to take in many of these tracts. It will cut down the boundary line from 1,200 miles to 600 miles. It will take in something like 200,000 acres of land that is now in the public domain.

Mr. WOLCOTT. The report says "not to exceed 250,000 acres of public lands." The bill provides for taking such lands without specifying the amount. My point was whether it is necessary for park services to acquire private lands.

Mr. PIERCE. No; it is public land, and there will be no expense to it, and it would be administered much cheaper than it is now.

Mr. BLANCHARD. I notice on the first page of the report it says "subject to valid existing claims." What does that mean?

Mr. PIERCE. If a person has land that they do not want included, it will not be.

Mr. BLANCHARD. I thought the gentleman said it was all public domain.

Mr. PIERCE. Some people might want to trade it in.

Mr. BLANCHARD. Then it is possible we are acquiring some private lands.

Mr. PIERCE. No; not in the least.

There being no objection, the Clerk read a similar Senate bill, as follows:

S. 1983

*Be it enacted, etc.*, That the President of the United States be, and hereby is, authorized to revise the boundaries of the Fremont National Forest in the State of Oregon so as to include within that national forest, subject to valid existing claims, such lands within the State of Oregon as he considers desirable for the production of timber, the protection of stream flow, and/or the regulation and improvement of the grazing resources: *Provided*, That the boundaries of said national forest shall not be extended more than 6 miles from the present boundaries thereof or from the north boundary of the Modoc National Forest: *And provided further*, That the lands of the United States which may be given a national-forest status under the provisions of this act shall not

exceed 250,000 acres. All lands included within the boundaries of the Fremont National Forest under authority of this act shall thereupon become subject to all laws relating to the national forests.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BOUNDARY LINES OF THE CHIPPEWA INDIAN TERRITORY, STATE OF MINNESOTA

The Clerk read the title of the next bill on the calendar, H.R. 7549, to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That on and after the passage of this act the territory in Minnesota to be considered as Indian-treaty territory under provisions of article 7 of the treaty of September 30, 1854 (10 Stat.L. 1109), between the United States and the Chippewa Indians of Lake Superior, and article 7 of the treaty of February 22, 1855 (10 Stat.L. 1165–1169), between the United States and the Mississippi Bands of Chippewa Indians shall be reduced to the territory within the boundaries described as follows:

Beginning at the northwest corner of township 154 north, range 38 west, fifth principal meridian, in Minnesota; thence east along the township line between townships 154 and 155 to its intersection with the north shore of Upper Red Lake; thence easterly along the north shore of Upper Red Lake to a point due north of the northeast corner of lot 4, section 23, township 153 north, range 32 west; thence due south to the northeast corner of lot 4, section 23, township 153 north, range 32 west; thence continuing due south to the southeast corner of lot 7, section 22, township 152 north, range 32 west; thence southwest to the southern point of lot 2, section 34, township 152 north, range 32 west; thence south to the southeast corner of section 21, township 151 north, range 32 west; thence west to the northeast corner of lot 1, section 30, township 151 north, range 32 west; thence south to the southeast corner of lot 7, section 18, township 150 north, range 32 west; thence due west to the Clearwater River; thence northwesterly along the Clearwater River to the range line between township 151 north, ranges 38 and 39 west; thence north along said range line to the point of beginning.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That on and after the passage of this act lands in Minnesota ceded to the United States by the treaty of September 30, 1854 (10 Stat.L. 1109), between the United States and the Chippewa Indians of Lake Superior and the Mississippi, and by the treaty of February 22, 1855 (10 Stat.L. 1165), between the United States and the Mississippi Bands of Chippewa Indians, shall no longer be considered as 'Indian country' for the purposes of articles 7 of said treaties: *Provided*, That the Indian liquor laws shall continue to be in force on all Indian reservations or other lands owned or hereafter acquired by Indian tribes, or by the United States Government for the use or benefit of Indians or for the administration of Indian affairs; on individual Indian allotments or other individual Indian-owned lands while the title to same is held in trust by the United States, or while the same shall remain inalienable by the Indian without the consent of some governmental officer; and on all other lands within the exterior borders of Indian reservations: *Provided further*, That the Indian liquor laws shall continue to apply to the sale, gift, barter, exchange, etc., of liquors to ward Indians of the classes set forth in the act of January 30, 1897 (29 Stat.L. 506)."

The committee amendment was agreed to.

The title was amended.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ALASKAN FISHERIES LEGISLATION

The Clerk read the title of the next bill on the calendar, H.R. 6175, to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes."

Mr. BLAND. Mr. Speaker, I ask that a similar Senate bill on the calendar be substituted, S. 3022.

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted, etc.*, That section 3 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes", approved June 6, 1924, be, and the same is hereby, amended to read as follows:

"SEC. 3. That it shall be unlawful to erect or maintain any dam, barricade, fence, trap, fishwheel, or other fixed or stationary obstruction, except for purposes of fish culture, in any of the waters of Alaska at any point where the distance from shore to shore is less than 1,000 feet, or within 500 yards of the mouth of any creek, stream, or river into which salmon run, excepting the Karluk, Ugashik, Kuskokwim, and Yukon Rivers, with the purpose or result of capturing salmon or preventing or impeding their ascent to the spawning grounds, and the Secretary of Commerce is hereby authorized and directed to have any and all such unlawful obstructions removed or destroyed: *Provided, however*, That the exception hereinabove contained with reference to the Kuskokwim and Yukon Rivers shall be solely for the purpose of enabling native Indians and bona fide permanent white inhabitants along the said rivers to take from said rivers for commercial purposes and for export from the Territory of Alaska king salmon in such manner and such quantities, and at such times as the Secretary of Commerce may, by suitable regulations, from time to time permit: *Provided further*, That no person shall be deemed to be a bona fide permanent inhabitant of the said rivers who has not resided thereon, or within 50 miles thereof for a period of over 1 year, and that the term 'native Indians' as used herein shall be taken to mean members of the aboriginal races inhabiting Alaska when annexed to the United States, and their descendants of the whole or half blood. For the purposes of this section, the mouth of such creek, stream, or river shall be taken to be the point determined as such mouth by the Secretary of Commerce and marked in accordance with this determination. It shall be unlawful to lay or set any seine or net of any kind within 100 yards of any other seine, net, or other fishing appliance which is being or which has been laid or set in any of the waters of Alaska, or to drive or to construct any trap or other fixed fishing appliance within 600 yards laterally or within 100 yards endwise of any other trap or fixed fishing appliance."

SEC. 2. That section 4 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes", approved June 6, 1924, be, and the same hereby is, amended to read as follows:

"SEC. 4. That it shall be unlawful to fish for, take, or kill any salmon of any species or by any means except by hand rod, spear, or gaff in any of the creeks, streams, or rivers of Alaska; or within 500 yards of the mouth of any such creek, stream, or river over which the United States has jurisdiction, excepting the Karluk, Ugashik, Yukon, and Kuskokwim Rivers: *Provided*, That nothing herein contained shall prevent the taking of fish for local food requirements or for use as dog feed: *Provided further*, That the exception hereinabove contained with reference to the Kuskokwim and Yukon Rivers shall be solely for the purpose of enabling native Indians and bona fide permanent white inhabitants along the said rivers to take from said rivers for commercial purposes and for export from the Territory of Alaska king salmon in such manner and such quantities, and at such times as the Secretary of Commerce may, by suitable regulations, from time to time permit: *Provided further*, That no person shall be deemed to be a bona fide permanent inhabitant of said rivers who has not resided thereon or within 50 miles thereof for a period of over 1 year, and that the term "native Indians' as used herein shall be taken to mean members of the aboriginal races inhabiting Alaska when annexed to the United States, and their descendants of the whole or half blood."

Mr. BLAND. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 3, line 11, insert the word "any" before the word "other."

The amendment was agreed to.

Mr. BLAND. Now I move to amend the title so as to read: "To amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill was laid on the table.

A motion to reconsider was laid on the table.

TRANSFERRING CERTAIN LANDS FROM UNITED STATES TO WILMINGTON, DEL., ETC.

The Clerk called the next bill, H.R. 7423, providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized to convey to the mayor and council of Wilmington, a municipal corporation of the State of Delaware, for street purposes only, all the right, title, and interest of the

United States to the following-described parcels of land which form a part of the new post-office site at Wilmington, Del.:

Tract 1. Beginning at the intersection of the southeasterly side of Market Street at 65 feet 6 inches wide and the northeasterly side of Eleventh Street at 69 feet wide; thence northeasterly along the said side of Market Street 265 feet 3 inches to the southwesterly side of Twelfth Street at 85 feet wide; thence southeasterly along the said side of Twelfth Street 10 feet 6 inches to a point; thence southwesterly parallel to Market Street 265 feet 3 inches to the first-mentioned northeasterly side of Eleventh Street; thence thereby northwesterly 10 feet 6 inches to the place of beginning, containing therein approximately 2,782 square feet.

Tract 2. Beginning at a point on the northeasterly side of Eleventh Street at 69 feet wide distant 10 feet 6 inches southeasterly from the southeasterly side of Market Street at 65 feet 6 inches wide; thence southeasterly along the said side of Eleventh Street 200 feet to the northwesterly side of King Street at 65 feet 6 inches wide; thence northeasterly along the last-mentioned side of King Street 18 feet to a point; thence northwesterly parallel to Eleventh Street 200 feet to a point distant 10 feet 6 inches southeasterly from the southeasterly side of Market Street at 65 feet 6 inches wide; thence southwesterly parallel to Market Street 18 feet to the place of beginning, containing therein approximately 3,600 square feet, in consideration of the conveyance by the mayor and council of Wilmington, a municipal corporation of the State of Delaware, to the United States of a valid title in and to the following-described parcel of land as an addition to the aforesaid post-office site:

Beginning at intersection of the northwesterly side of King Street (at 65 feet 6 inches wide) and the southwesterly side of Twelfth Street (as the same is at present established at 85 feet in width); thence northwesterly along the last-mentioned side of Twelfth Street 200 feet to a point distant 10 feet 6 inches southeasterly from the southeasterly side of Market Street as the same is at present established at 65 feet 6 inches in width; thence northeasterly parallel to Market Street 32 feet to a point; thence southeasterly parallel to the first-mentioned side of Twelfth Street 200 feet to the northwesterly side of King Street extended; thence thereby southwesterly 32 feet to the place of beginning.

*Provided, however,* That there shall be reserved to the United States an easement in perpetuity to construct and maintain a coal pit approximately 12 feet wide extending under the sidewalk in the 18-foot strip of land under Eleventh Street to be conveyed to the mayor and council of Wilmington, a municipal corporation of the State of Delaware, from a point approximately 16½ feet southeasterly from the southeasterly side of Market Street in a southeasterly direction a distance of approximately 50 feet.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS COLUMBIA RIVER, ASTORIA, OREG.

The Clerk again called the bill S. 2545, to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, I reserve the right to object. The gentleman from Oregon [Mr. MOTT] has agreed to offer an amendment to this bill placing authority to construct the bridge in the county or State, and with that assurance I have no objection.

Mr. MOTT. That is correct. Mr. Speaker, I offer an amendment which I think will satisfy the objection of the gentleman from Missouri and which I am sure will clarify the intent of the bill.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. I call the attention of the committee to the fact that the Acting Secretary, in his report, reported unfavorably, and I think some explanation should be made by the committee why it reported the bill out favorably in the face of an unfavorable report from Mr. Tugwell. Mr. Tugwell, in his report, sets forth:

> When the original bill was pending to authorize Mr. Tenbrook to construct this bridge, this Department advised your committee that it was the view of the Department that a private toll bridge should not be constructed at the point proposed, for which reason recommendation against favorable action on the bill was made. However, the authority was granted, and almost 4 years have elapsed, and apparently Mr. Tenbrook has been unable to arrange for the construction of the bridge. It is not believed that he is entitled to the further time extensions which the pending bill proposes.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. MOTT. The reason for the unfavorable report of the Acting Secretary of Agriculture is because that report was made on the original bill, and there was nothing in the wording of the bill to indicate that the bridge was ultimately to become public property. This is in reality entirely a public project and is to be built under the authority of a public body, as the clarifying amendment I have offered states. The people interested are the people of the county of Clatsop, in Oregon; the city of Astoria, Oreg.; and the county of Pacific, in Washington. In a technical sense the bridge will actually be built by a private corporation consisting of a number of citizens of my State, who in the public interest have associated themselves together for the purpose of accomplishing the building of the bridge and operating it without profit to themselves until it is paid for. They are merely a holding company and hold the title to the bridge virtually as trustees for the counties of Clatsop and Wahkiakum and the city of Astoria; and the trust agreement provides that the title to the bridge shall be transferred to those public bodies when, through the tolls charged, the cost of the bridge shall have been liquidated, and that no profit whatever shall be made by the holding company.

Mr. WOLCOTT. In view of the gentleman's statement, I withdraw my reservation of objection.

Mr. MOTT. I thank the gentleman, and I now wish to state that I intend to withdraw objection to all the bridge bills to which I objected on yesterday's calendar following the exchange of views between the gentleman from Missouri and myself on the floor yesterday.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg., authorized to be built by J. C. Tenbrook, as mayor of Astoria, Oreg., his successors in office and assigns, by an act of Congress approved June 10, 1930, are hereby extended 1 and 3 years, respectively, from February 9, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. MOTT. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 1, line 9, after the figures "1934", strike out the period, insert a comma and the following: "and said act is hereby amended by striking out the words 'J. C. Tenbrook, as mayor of Astoria, Oreg.', wherever they appear in act and by inserting in lieu thereof the following:

"'The county court of Clatsop County, Oreg.: *Provided*, That the Rivers Improvement Corporation (an Oregon corporation), assignee of the right to build such bridge under such act, and organized solely to construct such bridge for the public, shall contract to transfer such bridge upon the liquidation of all costs or obligations with respect to the construction thereof to the county of Clatsop, Oreg., city of Astoria, Oreg., and/or Pacific County, Wash., as may be agreed among them, without profit to said Rivers Improvement Corporation, and without cost to such public bodies, in such manner as will not involve such public bodies as the holder or owner of any stock in any association, joint-stock company, or corporation.'"

The SPEAKER. The question is on agreeing to the amendment.

THE ASTORIA BRIDGE BILL IS PASSED

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER AT CAIRO, ILL.

The Clerk read the next bill, S. 2675, creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, what has happened with the authority that was given to the Kentucky Highway Commission to build this bridge?

Mr. KELLER. The Kentucky Highway Commission has announced that they will not build the bridge, and they are perfectly willing for us to do it.

Mr. ZIONCHECK. I withdraw my reservation of objection, Mr. Speaker.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the gentleman a question. Yesterday this bill came up and it was proposed that the bill be amended to withdraw these bonds from the tax-exemption privilege.

Mr. KELLER. I have talked that over with the gentleman from Michigan [Mr. WOLCOTT], and I call attention to this fact, that this is simply a rewriting, word for word, with the exception of one word, and that applying to the difference in time, 40 years instead of 30 years, of a bill passed for the gentleman from New York [Mr. SNELL], at the last session, covering a bridge at Ogdensburg, N.Y. The bills are word for word. As I understand it, there are three bills of this kind only. They go out and get the money themselves and build the bridge and turn it back to the people when the tolls have paid for it.

Mr. ELTSE of California. The Department points out that there has not been any renouncement by the Kentucky Highway Commission, and that there should be a renouncement of the right to build under the other permit.

Mr. KELLER. The Kentucky Highway Commission has stated time after time that they were not in a position to build it and were not going to build it.

The Kentucky Highway Commission expects to come in under a part of this by preparing the approaches for the bridge.

They are heartily and enthusiastically in favor of this bill.

Mr. ELTSE of California. This provides for 6-percent interest, and the bonds are redeemed at 105. Does the gentleman not think that is rather a heavy rate of interest?

Mr. KELLER. That is something that came up when the Snell bill came before this House, and that was thrashed out, and the view expressed was this, that where you are undertaking this new thing you have to allow a great deal of liberality along those lines. So that was granted.

Mr. ELTSE of California. What is the necessity of setting up a commission to build this bridge?

Mr. KELLER. What was the necessity under the Snell bill? The same as under this. As I understand, it is the regular policy.

Mr. ZIONCHECK. Mr. Speaker, the regular order.

Mr. BLANTON. Well, our friend from Washington should let the gentleman from Illinois explain the philosophic and the economic phases of this bill before he demands the regular order.

Mr. ELTSE of California. What is the necessity of setting up a commission? It provides for salaries, and so on.

Mr. KELLER. There is no other way of doing it, that I know of, because in this place where we are undertaking to go out and raise the capital and do the work, no man is going to devote his entire time to that for nothing. That is not the custom under this sort of a bill.

Mr. ELTSE of California. I withdraw my reservation of objection, Mr. Speaker.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That, in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the Cairo Bridge Commission (hereinafter created, and hereinafter referred to as the "commission") and its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River at or near the city of Cairo, Ill., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act. For like purposes said commission and its successors and assigns are hereby authorized to purchase, maintain, and operate all or any ferries across the Ohio and/or Mississippi Rivers within 10 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the commission and its successors and assigns the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Illinois and the Commonwealth of Kentucky as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate or other property is situated, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in said States, respectively.

SEC. 3. The commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordanc with the provisions of this act.

SEC. 4. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the commission, bearing interest at not more than 6 percent per annum, the principal and interest of which bonds and any premium to be paid for retirement thereof before maturity shall be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registrable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 40 years from their respective dates, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the commission may determine. The commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the commission prior to the issuance of the bonds. The commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also provisions for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by the bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge or ferry tolls or other moneys of the commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for interstate commerce, the Postal Service, and military and other purposes authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6-percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic-surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if, in the judgment of the commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the commission may, under like restrictions, issue temporary bonds or interim certificates with or without coupons of any denomination whatsoever, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge, the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof as hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the commission

prior to the issuance of the bonds. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The commission shall classify in a reasonable way all traffic over the bridge, so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within any such reasonable class, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of the tolls so fixed and adjusted. No toll shall be charged officials or employees of the commission or of the Government of the United States or any State, county, or municipality in the United States while in the discharge of their duties or municipal police or fire departments when engaged in the proper work of any such department.

SEC. 6. Nothing herein contained shall require the commission or its successors to maintain or operate any ferry or ferries purchased hereunder, but in the discretion of the commission or its successors any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and/or dismantled whenever in the judgment of the commission or its successors it may seem expedient so to do. The commission and its successors may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge. All tolls collected for the use of the ferry or ferries and the proceeds of any sale or disposition of any ferry or ferries shall be used, so far as may be necessary, to pay the cost of maintaining, repairing, and operating the same, and any residue thereof shall be paid into the sinking fund hereinabove provided for bonds. An accurate record of the cost of purchasing the ferry or ferries; the expenditures for maintaining, repairing, and operating the same; and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the commission shall deliver deeds or other suitable instruments of conveyance of the interest of the commission in and to the bridge, that part within Illinois to the State of Illinois or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Illinois" interests) and that part within Kentucky to the Commonwealth of Kentucky or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Kentucky" interests), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired by the Illinois interests and the Kentucky interests, as may be agreed upon; but if either the Illinois interests or the Kentucky interests shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management, until such time as both the Illinois interests and the Kentucky interests shall be authorized to accept and shall accept such conveyance under such conditions. If at the time of such conveyance the commission or its successors shall not have disposed of such ferry or ferries, the same shall be disposed of by sale as soon as practicable, at such price and upon such terms as the commission or its successors may determine.

SEC. 8. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Cairo Bridge Commission, and by that name, style, and title said body shall have perpetual succession; may contract and be contracted with, sue and be sued, implead and be impleaded, complain, and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or other property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The commission shall consist of James S. Johnson, John C. Fisher, Reed Green, and Ray Williams, of the city of Cairo, Ill., and M. C. Anderson, of Ballard County, Ky. Such commission shall be a body corporate and politic. Each member of the commission shall qualify within 30 days after the approval of this act by filing in the office of the Secretary of Agriculture an oath that he will faithfully perform the duties imposed upon him by this act, and each person appointed to fill a vacancy shall qualify in like manner within 30 days after his appointment. Any vacancy occurring in said commission by reason of failure to qualify as above provided, or by reason of death or resignation, shall be filled by the Secretary of Agriculture. Before the issuance of bonds as hereinabove provided, each member of the commission shall give such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned upon the faithful performance of all duties required by this act. The commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. A majority of the members shall constitute a quorum for the transaction of business.

SEC. 9. The commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the commission shall be entitled to a per diem compensation for their services of $10 for each day actually spent in the business of the commission, but the maximum compensation of the chairman in any year shall not exceed $2,500 and of each other member shall not exceed $500. The members of the commission shall also be entitled to receive traveling-expense allowance of 10 cents a mile for each mile actually traveled on the business of the commission. The commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act. After all bonds and interest thereon shall have been paid and all other obligations of the commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the Illinois interests and the Kentucky interests as herein provided, and any ferry or ferries shall have been sold, the commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads made upon his own initiative or upon application of the commission or any member or members thereof, but only after a public hearing in the city of Cairo, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Cairo, and a newspaper published in Ballard County, Ky. At the time of such dissolution all moneys in the hands of or to the credit of the commission shall be divided into two equal parts, one of which shall be paid to said Illinois interests and the other to said Kentucky interests.

SEC. 10. Nothing herein contained shall be construed to authorize or permit the commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the commission but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 11. All provisions of this act may be enforced, or the violation thereof prevented, by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of Illinois, the attorney general for the Commonwealth of Kentucky, or the United States district attorney for any district in which the bridge may be located in part, in any court having competent jurisdiction on the subject matter and of the parties.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

On page 9, line 24, insert a new paragraph as follows:

"(a) Notwithstanding any restriction or limitation imposed by the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes', approved July 11, 1916, or by the Federal Highway Act, or by any act amendatory of or supplemental to either thereof, the Secretary of Agriculture may extend Federal aid under such acts, for the construction of said bridge, out of any moneys allocated to the State of Illinois with the consent of the department of public works and buildings of said State, and out of any moneys allocated to the State of Kentucky with the consent of the State highway commission of said State."

The committee amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HIGHWAY BRIDGE ACROSS MISSOURI RIVER NEAR ATCHISON, KANS.

The Clerk called the next bill, H.R. 6898, authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, be, and are hereby, authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near the city of Atchison, Kans., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. There is hereby conferred upon the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway

departments of such States, acting jointly or severally, all such rights and powers to enter upon such lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate and other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING MINING LAWS, TERRITORY OF ALASKA

The Clerk called the next bill, H.R. 3843, to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912.

There being no objection the Clerk read as follows:

*Be it enacted, etc.*, That the act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes" (37 Stat.L. 242–243), approved August 1, 1912, be, and the same is hereby, repealed.

SEC. 2. That the general mining laws of the United States, so far as they are applicable to placer-mining claims, are hereby extended to and declared to be in full force and effect in said Territory of Alaska: *Provided*, That nothing herein shall be held to change or affect the rights acquired by locators or owners of placer-mining claims heretofore located in said Territory under the act herein repealed.

With the following committee amendment:

Page 2, line 7, insert a new section, to read as follows:

"SEC. 3. This act shall take effect 30 days subsequent to the date of convening of the first regular session of the Alaska Territorial Legislature which is held after the passage of this act."

The committee amendment was agreed to.

Mr. DIMOND. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

Mr. DIMOND, under authority from the Committee on the Territories, offered the following amendments: Page 1, line 6, after the comma following the figures "1912", strike all of the remainder of the section and insert in lieu thereof the following: "and the amendatory act of March 3, 1925 (43 Stat.L., 1118), be and the same are hereby repealed."

Page 1, line 8, strike all of section 2 down to and including the word "Alaska" on page 2, line 2, and insert in lieu thereof the following:

"SEC. 2. That the general mining laws of the United States so far as they are applicable to placer mining claims, as heretofore extended to the Territory of Alaska, and amendments thereto, except those repealed by this act, are declared to be in full force and effect in said Territory."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLUMBUS DAY

The Clerk called the next resolution, H.J.Res. 10, requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. Is this to be another national holiday? If it is, I am against it. We have entirely too many already.

Mr. FITZPATRICK. No; this is just to order the flag to be placed on all public buildings.

Mr. BLANTON. It is distinctly understood that in the passage of this resolution it in no way even attempts to establish a new national holiday?

Mr. FITZPATRICK. No.

Mr. BLANTON. That is understood?

Mr. FITZPATRICK. That is understood.

Mr. BLANTON. We do not want any more national holidays. I have been stopping them for years.

There being no objection, the Clerk read the bill, as follows:

*Resolved, etc.*, That the President of the United States is authorized and requested to issue a proclamation calling upon officials of the Government to display the flag of the United States on all Government buildings on October 12 of each year and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies expressive of the public sentiment befitting the anniversary of the discovery of America.

With the following committee amendments:

Line 7, page 2, strike out "October 12 of each year" and insert in lieu thereof "said date".

Page 2, line 4, after "proclamation" insert "designating October 12 of each year as "Columbus Day and"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DECLARATIONS OF INTENTION

The Clerk called the next bill, H.R. 8317, to extend the validity of declarations of intention beyond 7 years.

Mr. CARTER of California. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point on the bill H.R. 8317.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LANZETTA. Mr. Speaker, House bill 8317 amends the naturalization law with respect to the validity of declarations of intention after 7 years. Under the present law a declaration of intention, or what is commonly known as the "first paper" in an alien's application for citizenship, is valid for 7 years only.

If an alien, for some reason or other, after filing his declaration of intention, fails to file a petition for naturalization, or fails to qualify for citizenship within 7 years, he must file a new declaration of intention and wait 2 years before he can file a petition for naturalization. The petition for naturalization under no circumstances can be filed before 2 years have expired from the date of the declaration of intention, irrespective of whether the declaration of intention be the alien's first, second, or third.

The 7-year limitation on a declaration of intention accomplishes no good purpose, because compelling an alien to file a new one and wait 2 years does not improve him in any manner, shape, or form, nor does it make him better fitted to become a citizen of the United States. It is a useless gesture and smacks of a penalty for something which an alien probably could not avoid or control.

During the present economic depression the declarations of intention of a large number of aliens have expired, because lack of funds made it impossible for them to proceed with their second and last step in their naturalization proceedings.

These aliens should not be penalized to the extent of having to file another declaration of intention and waiting 2 years before they can file the petition for naturalization.

Many other aliens who are anxious and willing to become American citizens as soon as they possibly can and who apply themselves diligently, fail to qualify within the 7-year limit, because, notwithstanding their efforts, they do not acquire within that time the required knowledge of our language and our laws. This class of aliens should not be put through the inconvenience of filing a second declaration of intention and of waiting 2 years.

Inasmuch as the 7-year limitation of a declaration of intention accomplishes no known good purpose, and since it is an empty gesture and imposes an unnecessary hardship on a large number of aliens, the law should be amended so as to validate all declarations of intention that have already expired, and to remove the limitation as to future declarations of intention.

HOMESTEAD LAWS AND RIGHT-OF-WAY FOR RAILROADS IN ALASKA

The Clerk called the next bill, H.R. 7306, to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the first paragraph of section 10 of the act entitled "An act extending the homstead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended (U.S.C., title 48, secs. 461, 462, 463, 464, and 465; U.S.C., Supp. VI, title 48, sec. 461), is amended by inserting after the first proviso in such paragraph as amended, the following:

"*Provided further*, That any citizen of the United States, after residing on land of the character described for 3 years, as a home, may purchase such tract, not exceeding 5 acres, in a reasonably compact form as a home site, without any showing as to his occupation, upon payment of $2.50 per acre, under rules and regulations to be prescribed by the Secretary of the Interior: *Provided further*, That the minimum payment for any tract sold under this act shall be $10, and no person shall be permitted to purchase more than one tract: *And provided further*, That surveys of said home sites shall be made under the provisions of the act of Congress approved April 13, 1926 (44 Stat. 243), and without expense to the applicant, where the applicant has a habitable house on the land which he has occupied as a homestead or headquarters for 3 years, while engaged in trade, manufacture, or other productive industry in Alaska, or where during a period of 3 years the applicant has maintained his residence in a habitable house on the land in the manner and to the extent required by the 3-year homestead law of June 6, 1912 (37 Stat. 123)."

With the following committee amendments:

Page 2, line 9, after the word "Interior" strike "and provided" and insert "*Provided further*"

Page 2, line 12, after the word "tract" insert the following: *And provided further*, That surveys of said home sites shall be made under the provisions of the act of Congress approved April 13, 1926 (44 Stat. 243), and without expense to the applicant, where the applicant has a habitable house on the land which he has occupied as a homestead or headquarters for 3 years, while engaged in trade, manufacture, or other productive industry in Alaska, or where during a period of 3 years the applicant has maintained his residence in a habitable house on the land in the manner and to the extent required by the 3-year homestead law of June 6, 1912 (37 Stat. 123).

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF REAL ESTATE UNDER DECREE OF UNITED STATES COURT

The Clerk called the next bill, H.R. 1567, amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I notice this bill provides that real estate may be sold at private sale, whereas at the present time it must be a public sale.

Mr. COCHRAN of Pennsylvania. Yes.

Mr. ELTSE of California. I also notice that the sale may be made for two thirds of the appraised value. Does not the gentleman think that is too great a differential? That is 33⅓ percent of the appraised value.

Mr. COCHRAN of Missouri. But the gentleman will notice that the court of its own motion cannot order the private sale.

Mr. ZIONCHECK. Mr. Speaker, I object to this bill.

PURSERS AND LICENSED DECK OFFICERS OF VESSELS

The Clerk called the next bill, H.R. 5038, authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That whenever, under any provision or provisions of any statute of the United States, it is made the duty of the masters of vessels to make entry and clearance of same, it shall be lawful for such duties to be performed by any licensed deck officer or purser of such vessel; and when such duties are performed by a licensed deck officer or purser of such vessel, such acts shall have the same force and effect as if performed by masters of such vessels: *Provided*, That nothing herein contained shall relieve the master of any penalty provided by any statute for failure to enter or clear.

Mr. BLAND. Mr. Speaker, I offer an amendment suggested by the Treasury Department.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 2, line 3, beginning with the word "penalty", insert the words "or liability", and, after the word "statute", strike out the rest of the sentence and insert the words "relating to the entry or clearance of vessels", so that the proviso beginning in line 2 of page 2 will read: "That nothing herein contained shall relieve the master of any penalty or liability provided by any statute relating to the entry or clearance of vessels."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COCHETOPA NATIONAL FOREST

The Clerk called the next bill, H.R. 2862, to add certain lands to the Cochetopa National Forest in the State of Colorado.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I would like to ask the gentleman in charge of this bill if this does not withdraw from entry 177,000 acres of land.

Mr. MARTIN of Colorado. It does. I wish to say to the gentleman that this bill and the next bill are bills of my colleague the gentleman from Colorado [Mr. TAYLOR], who is ill at his hotel. He asked me to look after them.

I am not familiar with the details of the bills, except that I know these lands are a natural part of the forests to which they are adjacent. They are valuable only for timber purposes, and might just as well have been originally included in the forest. Any rights that have been initiated in them are reserved.

It is reported by the Forest Service that they can be administered without any additional cost; that, as a matter of fact, they can be better cared for and protected as part of the forest than if not included in the forest.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PIKE NATIONAL FOREST, COLO.

The Clerk called the next bill, H.R. 2858, to add certain lands to the Pike National Forest, Colo.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISABILITY OF SENIOR CIRCUIT JUDGES

The Clerk called the next bill, H.R. 7356, to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That in case the senior circuit judge of any circuit is unable because of illness to exercise any power given or to perform any duty imposed by law, such power or duty shall be exercised or performed by the other judges of that circuit in the order of the seniority of their respective commissions.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHICKAMAUGA AND CHATTANOOGA NATIONAL MILITARY PARK

The Clerk called the next bill, H.R. 7200, to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, may I ask for an explanation of this bill? Will the gentleman state its general purpose and what it accomplishes with reference to the extension of the national park?

Mr. McREYNOLDS. In answer to the gentleman's question I desire to be just as brief as possible, because I know that other Members are very anxious to have this calendar called, and we have very little time left.

This bill proposes to give the Secretary of the Interior the right to accept the Chattanooga-Lookout Mountain Park as a part of the Chickamauga-Chattanooga National Military Park. The Chattanooga-Lookout Mountain Park contains some 3,000 acres and is situated around the point of Lookout Mountain, which was the battle ground during the Civil War, and also it was on this point that the historic Battle Above the Clouds was fought. Some few years ago the Chattanooga-Lookout Mountain Park, a corporation, was organized by Mr. Adolph Ochs, of New York and Chattanooga. Mr. Ochs conceived the idea of buying up this land around the point of Lookout Mountain and making a hanging garden. Quite a number of other people in Chattanooga were also founders of this organization, but to Mr. Ochs goes the credit of suggesting the idea and putting up to a great extent the money used. Several hundred thousand dollars have been spent on this park in beautifying it, in planting shrubbery, and in building pathways, and so forth, through it. Mr. Milton Ochs has been in charge of this property.

Mr. Adolph Ochs, with his associates, now are offering to give this to the United States Government free and unencumbered, to be made a part of the Chickamauga-Chattanooga National Military Park. There is a spirit of patriotism shown by those who wish to make this donation to our Federal Government so these grounds can be preserved as part of our park system and as a part of the history of this country.

I feel proud of the fact that I have had an opportunity to draw this bill and present this matter to the Congress, and I know that it will meet with your unanimous approval. I am sure no one would object to its passage.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to accept on behalf of the United States lands, easements, and buildings as may be donated for an addition to the Chickamauga and Chattanooga National Military Park lying within what is known as the "Chattanooga-Lookout Mountain Park (a corporation, Adolph S. Ochs, president) and/or any lands within 1 mile of said Chattanooga-Lookout Mountain Park in the States of Tennessee and Georgia.

SEC. 2. That all laws affecting the Chickamauga and Chattanooga National Military Park shall be extended and apply to any addition or additions which may be added to said park under the authority of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCHANGE OF LANDS ADJACENT TO NATIONAL FORESTS IN COLORADO

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, as I understand the operation of this bill, lands outside of the exterior boundaries of national parks may be exchanged for lands within?

Mr. MARTIN of Colorado. Yes; lands lying within 6 miles of the present existing boundaries.

Mr. ELTSE of California. In other words, by this bill you can create a leopard-spot park?

Mr. MARTIN of Colorado. No; the real effect of this will be to consolidate existing parks. This bill was introduced in the last Congress by my predecessor. It was reported favorably by the Committee on Public Lands and approved by the Department of the Interior and by the Agricultural Department. Upon investigation, I found that a similar bill had been passed in 1929 for the State of Montana, and that since then similar bills have been passed for the forests in Oregon, South Dakota, and New Mexico. I have received many endorsements from county commissioners, chambers of commerce, and other civic bodies.

Mr. ELTSE of California. Is it not a fact that one of the difficulties we have had in our national parks has been private holdings within the parks, and we have been trying to get rid of this situation for years? In this bill it is proposed to reverse the situation and exchange lands within the park for lands outside of the park.

Mr. MARTIN of Colorado. I am afraid the gentleman is confusing national forests and national parks. May I state to the gentleman how this bill will operate. There is a lot of cut-over stumpage bordering these forests. A lot of this land was in private ownership, and there is a lot of stumpage along the borders of the forests. The Government can take this land in exchange for grazing lands inside the forests or for timber or timberlands and foster new growths on the cut-over lands.

I should like to call the gentleman's attention to this statement from the Forest Service about the operation of similar laws we already have in effect:

Since the enactment of the Forest Exchange Act of March 20, 1922, up to December 31, 1932, 923 of these exchanges have been effected, and through them the Government has acquired 1,395,359 acres in exchange of 432,268 acres, and national-forest stumpage valued at $2,775,357. On the lands acquired there has been stumpage which has exceeded in volume that given in exchange by the Government.

Also the Forest Service, referring to the operation of the acts passed for Montana, Oregon, South Dakota, and New Mexico, says:

These laws have uniformly been found to operate to the mutual advantage of both the Government and the landowner, and no case has ever arisen giving the slightest cause for criticism. I know of no reason why such a law should not operate with equal success in Colorado.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. MARTIN of Colorado. I may say that this is not an innovation. It has been approved by the Department of Agriculture and by the Interior Department, both of which have to O.K. these transfers.

Mr. ELTSE of California. In the next bill the gentleman is asking the same thing with reference to other material parks.

Mr. MARTIN of Colorado. I want this bill for my own State. If the other gentlemen do not want the general bill for their States they may object when we come to it. I found they were doing this piecemeal in other States all over the country, so I conceived the idea of having a general bill, and later I introduced the bill, H.R. 5368.

Mr. ELTSE of California. Mr. Speaker, I renew my request that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THE CONSENT CALENDAR

CONSOLIDATION OF NATIONAL FOREST LANDS

The Clerk called the next bill, H.R. 5363, to extend the provisions of the Forest Exchange Act of March 20, 1922, (42 Stat. 465).

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

OFFICERS OF UNITED STATES NAVAL AND MARINE CORPS RESERVE

The Clerk called the next bill, H.R. 7357, to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserves not on active duty from certain of its provisions.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the gentleman why it was that Naval and Marine Corps Reserve officers were not

covered in the original act? How does it happen they were excluded from the operation of that act?

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

INLAND WATERWAYS CORPORATION ACT

The Clerk called the next bill, S. 2347, to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, I do not know whether the chairman of the committee that reported this bill is here or not, but apparently this is an attempt to extend to the Inland Waterways Corporation an additional franchise to operate on the Snake River and Columbia River. Back where I come from we have had some experience with the Inland Waterways Corporation. It operates a few scows out of Chicago, because political influence has reversed the flow of the Chicago River, draining needed water from the Great Lakes. I think that we have given them a lot more than they are entitled to, including water. I am going to object to this bill, because it is an extension of a grant which should never have been given any public or private corporation.

Mr. WHITE. May I ask the gentleman to withhold his objection. I am the author of this bill, and it is simply to amend the act to include the Snake and Columbia Rivers and put them in the same status as the Mississippi and the Warrior Rivers. This does not make any change in the act except it includes these two rivers and gives them the right to navigate on the Columbia and Snake Rivers. This grants them the same privileges on the Snake and Columbia Rivers that they have now on the Mississippi and the Warrior Rivers, and will afford the farmers of the tertory tributary to these rivers a means of moving their products, particularly wheat, to tidewater by river transportation.

Mr. O'MALLEY. If the gentleman had had any experience with how they operate in our section of the country, I do not think he would feel they could do his country much good by operating on the rivers out there through a congressional franchise.

Mr. WHITE. This has nothing to do with drainage.

Mr. O'MALLEY. They will get around to doing some drainage in some way. In fact, although Lake Michigan water is really being pilfered to operate power plants, the excuse for the pilfering is that it is needed to make navigation possible.

Mr. WHITE. This is just to supply the farmers who raise wheat out there a means for transporting their wheat to market, and I hope the gentleman will withdraw his objection.

Mr. O'MALLEY. I should like to accommodate the gentleman, but our experience with rivers used by the Waterways Corporation shows that they are the excuse to bring about drainage of the lakes. I am impelled to believe that whenever they get the right to a franchise on a river, they will manage to get enough water to navigate through trick legislation or on some other basis. A navigation plea is a good front for water thievery, anyway it is used.

The SPEAKER. Is there objection?

Mr. O'MALLEY, Mr. ZIONCHECK, and Mr. TRUAX objected.

CALIFORNIA STATE PARK SYSTEM

The Clerk called the next bill, H.R. 5927, to provide for the selection of certain lands in the State of California for the use of the California State park system.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That subject to valid rights existing on the date of this act, the State of California may within 5 years select for State park purposes by legal subdivisions all or any portion of the public land not reserved for public purposes in the following townships:

Township 32 south, range 46 east, Mount Diablo meridian, sections 24, 25, 26, and 27, north half section 34, and all of section 35.

Township 11 north, range 1 west, San Bernardino meridian, west half section 2, sections 3 and 4, north half, southwest quarter, north half southeast quarter and southwest quarter southeast quarter section 6, northwest quarter northeast quarter, south half northeast quarter, northwest quarter and south half section 7, northeast quarter, south half northwest quarter and south half section 8, north half section 10, northwest quarter, south half northeast quarter section 11, south half section 10, section 14, northeast quarter section 15, north half section 18, east half section 2.

Township 12 north, range 1 west, sections 31 and 32, lots 1, 2, 3, south half northeast quarter, north half southeast quarter and lots 7 and 8, section 34, San Bernardino meridian.

Township 11 north, range 2 west, section 12.

Upon the submission of satisfactory proof that the land selected contains characteristic Joshua growth and scenic or other natural features which it is desirable to preserve as a part of the California State park system, the Secretary of the Interior shall cause patents to issue therefor: *Provided*, That there shall be reserved to the United States all coal, oil, gas, or other mineral contained in such lands, together with the right to prospect for, mine, and remove the same at such times and under such conditions as the Secretary of the Interior may prescribe: *Provided further*, That any patent so issued shall contain a provision for reversion of title to the United States upon a finding by the Secretary of the Interior that for a period of more than 1 year the land has not been used by the State for park purposes: *And provided further*, That in order to consolidate park areas or to eliminate private holdings therefrom, lands patented hereunder may be exchanged with the approval of and under rules prescribed by the Secretary of the Interior for privately owned lands in the area hereinbefore described of approximately equal value containing the natural features sought to be preserved hereby. The lands so acquired to be subject to all the conditions and reservations prescribed by this act, including the reversionary clause hereinbefore set out.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

NATIONAL FORESTS IN IDAHO

The Clerk called the next bill, H.R. 7425, for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the provisions of the act entitled "An act to consolidate national forest lands", approved March 20, 1922 (U.S.C., title 16, sec. 485), are extended and made applicable to the following-described lands in the State of Idaho (except such portion thereof as is now owned by the United States):

Sections 5, 6, 7, and 8, township 40 north, range 1 west):

Sections 1, 2, 3, 11, and 12; section 10, except the southwest quarter northwest quarter and the west half southwest quarter, township 40 north, range 2 west.

Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, and 18; section 15, except the south half southwest quarter; north half northeast quarter, southwest quarter northeast quarter, northwest quarter, and the north half southwest quarter section 19; northeast quarter, east half northwest quarter, and the southwest quarter section 20, township 40 north, range 3 west.

Sections 1 to 23, inclusive; northeast quarter, east half northwest quarter, northwest quarter northwest quarter, and the north half southeast quarter section 24; northeast quarter, east half northwest quarter, and the northwest quarter northwest quarter section 26; northeast quarter northeast quarter, west half northeast quarter, and the northwest quarter section 27; north half section 28; and the east half northeast quarter section 29, township 40 north, range 4 west.

Sections 9, 11, 12, 13, 14, and the south half section 1; south half section 2; southeast quarter section 3; section 10, except the north half northwest quarter; north half, and the east half southeast quarter, section 15; northeast quarter, and the north half southeast quarter section 16; north half, southeast quarter southwest quarter, and the southeast quarter, section 24, township 40 north, range 5 west.

Sections 29, 30, 31, and 32, township 41 north, range 1 west.

Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 34, 35, 36, and the north half section 33, township 41 north, range 2 west.

Sections 13, 14, 15, 16, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, and section 26, except the southwest quarter southwest quarter, township 41 north, range 3 west.

The southeast quarter section 32; southwest quarter, west half southeast quarter, and the southeast quarter southeast quarter, section 33; east half southeast quarter section 34; south half section 35, and section 36, except the northeast quarter, township 41 north, range 4 west.

All foregoing descriptions relate to Boise base and meridian.

SEC. 2. Lands heretofore granted to the State of Idaho for educational or other purposes may, under such rules and regulations as the legislature of such State shall prescribe, be exchanged for

any of the lands described in section 1 hereof which are of nonmineral character and approximately equal value and area, in the ownership of the United States or in other ownership, to the end that the State may acquire holdings in a reasonably compact form for economic administration as a forest property, or for use as an experimental training, and demonstrational area by the School of Forestry of the University of Idaho, or for any other purposes that the legislature of the State may authorize or prescribe, anything in the enabling act of such State to the contrary notwithstanding.

SEC. 3. The lands conveyed to the United States under sections 1 and 2 of this act (together with the land described in section 1 now owned by the United States) shall, upon acceptance of title, become parts of the national forest adjacent to or near whose exterior boundaries they are located.

SEC. 4. The lands described in section 1 of this act (including any portion thereof which may be conveyed to the State of Idaho under section 3 of this act) and any lands acquired by the United States under such section 3 shall be subject to location and entry under the mining laws of the United States and the rules and regulations applying thereto, and no conveyance of any lands to the United States under the provisions of this act shall contain any reservations of mineral rights in the lands conveyed.

With the following committee amendments:

Page 1, strike out lines 7 and 8.

Page 3, line 16, after the word "lands", insert the following: "within the national forests."

Page 3, line 19, strike out the word "exchanged" and insert in lieu thereof the following: "offered in exchange."

Page 4, line 7, insert comma after the words "United States" and add the following within the parentheses: "subject to all valid existing rights."

Page 4, line 9, strike out the words "adjacent to or near" and insert in lieu thereof the word "within."

Page 4, strike out all of section 4.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

ISSUANCE OF CERTAIN PATENTS IN NEW MEXICO

The Clerk called the next bill, H.R. 5369, providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Interior is authorized and directed to issue patents for the lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928 (*New Mexico* v. *Texas*, 276 U.S. 558), to the persons in actual and bona fide possession of and claiming title under patent from the State of Texas to such lands and/or the accretions thereto: *Provided*, That if the right, title, and interest of any claimant to any such lands or accretions shall be hereafter held by a court of competent jurisdiction to be superior to that of a patentee under this act, the patent issued under this act shall be considered and held to have been issued to such claimant: *Provided further*, That this act shall not become effective and no such patent shall be issued until the Legislature of the State of Texas shall have enacted an act providing for the issuance of patents or other appropriate conveyances for the lands and accretions thereto determined to be within the State of Texas in accordance with such decree of the Supreme Court to the persons in actual and bona fide possession of and claiming title under patent from the United States to such lands and/or the accretions thereto.

SEC. 2. As used in this act the term "person" includes an individual, corporation, partnership, or association.

With the following committee amendments:

Page 1, line 4, after the word "the", insert the word "public", and after the word "lands" strike out "and accretions thereto."

Page 1, line 9, after the word "title", insert "on April 9, 1928."

Page 2, line 1, after the word "lands", strike out the remainder of sentence ending with the word "thereto" on page 2, line 15.

Page 2, line 16, strike out section 2 entirely, and in lieu thereof insert the following:

"SEC. 2. In order to receive a patent under this act, the persons entitled thereto, their heirs or assigns, shall within 5 years from the passage of this act submit a written application describing the land according to their claim of title, and proof of the facts necessary under this act to entitle the applicant to make entry shall be submitted in accordance with such regulations as the Secretary of the Interior may prescribe, including posting and publication of notice as now prescribed under the homestead laws.

"SEC. 3. It is further provided that any land acquired by patent under this act shall be subject to the same liens, other than liens for taxes and water and like quasi-public charges, that would have been against such land had it been in Texas.

"SEC. 4. As used in this act the term "person" includes an individual, corporation, partnership, or association."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARMISTICE DAY

The Clerk called the next bill, H.R. 7597, declaring November 11 a legal public holiday, to be known as "Armistice Day."

Mr. BLANTON. Mr. Speaker, I object. We have too many public holidays now.

METLAKAHTLA INDIANS OF ALASKA

The Clerk called the next bill, H.R. 4808, granting citizenship to the Metlakahtla Indians of Alaska.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Indians of the Tsimshian Tribe and those people known as Metlakahtlans, who emigrated from Metlakahtla, British Columbia, Canada, to Annette Island, in the Alexander Archipelago in southeastern Alaska in the year 1887, and there established a colony known as Metlakahtla, Alaska, and any and all other British Columbia Indians who later joined them there, having been faithful and loyal to the Constitution, laws and the Government of the United States, are hereby declared to be citizens of the United States.

SEC. 2. The granting of citizenship to the said Indians shall not in any manner affect the rights, individual or collective, of the said Indians to any property, nor shall it affect the rights of the United States Government to supervise and administer the affairs of the said Metlakahtla colony. And any reservations heretofore made by any act of Congress or Executive order or proclamation for the benefit of the said Indians shall continue in full force and effect and shall continue to be subject to modification, alteration, or repeal by the Congress or the President, respectively.

With the following committee amendments:

Page 1, line 8, strike out the word "later", and in line 9, strike out the comma following the word "there" and insert after the word "there" the following: "not later than January 1, 1900, and have since resided continuously therein."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF LAND AND HOUSES AT ANCHORAGE, ALASKA

The Clerk called the next bill, H.R. 6013, to authorize the sale of land and houses at Anchorage, Alaska.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Interior is hereby authorized to sell after appraisement and due advertisement, at public sale or under sealed bids and under such terms and conditions as he may prescribe, such lots with buildings thereon, the property of the United States, at Anchorage, Alaska, as in his judgment should be sold: *Provided*, That a preference right, in the discretion of the Secretary of the Interior, first may be accorded to the occupants of the properties to purchase the property so occupied at the appraised price.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER NEAR NEW BOSTON, ILL.

The Clerk read the title of the bill (H.R. 8429) to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the act approved March 3, 1931, granting the consent of Congress to D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River at a point suitable to the interests of navigation, at or near the town of New Boston, Ill., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge and approaches thereto

herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS ST. FRANCIS RIVER NEAR LAKE CITY, ARK.

The Clerk called the next bill, H.R. 8438, to legalize a bridge across St. Francis River at or near Lake City, Ark.

There being no objection, the Clerk read the bill as follows:

*Be it enacted, etc.*, That the bridge now being constructed across St. Francis River at or near Lake City, Ark., by the Arkansas State Highway Commission, if completed in accordance with the plans accepted by the Chief of Engineers and the Secretary of War as providing suitable facilities for navigation and operated as a free bridge, shall be a lawful structure, and shall be subject to the conditions and limitations of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, other than those requiring the approval of plans by the Secretary of War and the Chief of Engineers before the bridge is commenced.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 2, line 1, after "1906" strike out the words "other than those requiring the approval of plans by the Secretary of War and the Chief of Engineers before the bridge is commenced."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE ST. CLAIR RIVER AT OR NEAR PORT HURON, MICH.

The Clerk read the title of the next bill on the calendar, H.R. 8577, to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.

The SPEAKER. Is there objection?

Mr. PARKER, Mr. MOREHEAD, and Mr. CARPENTER of Nebraska objected.

BRIDGE ACROSS THE WABASH RIVER, POSEY COUNTY, IND.

The Clerk read the title of the bill (H.R. 8834) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the owners of Cut-Off Island, Posey County, Ind., are hereby authorized to construct, maintain, and operate a free highway bridge or causeway (including approaches thereto) across the old channel of the Wabash River, in order to connect such island with the highway system in White County, Ill., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the owners of Cut-Off Island, Ind., all the rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge or causeway, and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The term "owners", as used in this act, means the owners of Cut-Off Island, Ind., at the date of the enactment of this act, and any future owners of such island.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING BENEFITS TO THE WHALING INDUSTRY

The Clerk read the title of Senate Joint Resolution 15, extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the resolution, as follows:

*Resolved, etc.*, That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., title 46, p. 870; 40 Stat.L., pt. 1, 2145), the United States Shipping Board is authorized and directed to extend to the whaling industry the same benefits that are authorized by such section to be extended to persons citizens of the United States for the construction of vessels for the establishment or maintenance of service on lines.

With the following committee amendment:

Strike out all after the resolving clause and insert the following: "That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., supp. VII, title 46, sec. 870), the Secretary of Commerce is authorized to extend to citizens of the United States engaged in the whaling and/or fishing industries the same benefits that are authorized by such section, as amended, to be extended to persons citizens of the United States for the construction, outfitting, equipment, reconditioning, remodeling, and improvement of certain vessels. All loans made under authority of this resolution from the construction-loan fund created by such section, as amended, shall be on the same terms and subject to the same conditions, limitations, and restrictions as are provided therein, except that such loans shall bear interest at the rate of not less than 5¼ percent per annum, payable annually.

"SEC. 2. Any construction, outfitting, equipment, reconditioning, remodeling, or improvement of vessels under authority of this resolution shall be only on vessels of a type and kind suitable for use as naval auxiliaries, and shall be in accordance with plans and specifications first approved by the Secretary of the Navy with particular reference to the economical conversion of such vessels into auxiliary naval vessels.

"SEC. 3. The term 'citizen of the United States', as used in this resolution, includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended (U.S.C., title 46, sec. 802)."

Amend the title so as to read: "Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended."

The committee amendment was agreed to.

The resolution as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE RADIO ACT OF 1927

The Clerk read the title of the bill S. 2660, "An act to amend the Radio Act of 1927", approved February 23, 1927, as amended (44 Stat. 1162).

The SPEAKER. Is there objection?

Mr. THOMASON. I object.

BRIDGE ACROSS PEARL RIVER IN THE STATE OF MISSISSIPPI

The Clerk read the title of the bill (H.R. 8516) granting the consent of Congress to the Board of Supervisors of Leake County, Miss., to construct a bridge across Pearl River in the State of Mississippi.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the Board of Supervisors of Leake County, or to the Board of Supervisors of Leake County and the Board of Supervisors of Neshoba County, Miss., to construct, maintain, and operate a free highway bridge and approaches thereto across the Pearl River, at a point suitable to the interests of navigation, at or near Carthage, Leake County, Miss., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. COLLINS of Mississippi. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Amend by striking out "Board of Supervisors of Leake County, or to the Board of Supervisors of Leake County and the Board of Supervisors of Neshoba County, Miss.", and inserting in lieu thereof "Mississippi Highway Commission", and amend the title.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNIFORM SYSTEM OF BANKRUPTCY IN UNITED STATES

The Clerk called the next bill, H.R. 8832, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

BRIDGE ACROSS WABASH RIVER, SULLIVAN COUNTY, IND.

The Clerk called the next bill, H.R. 8853, to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite the Illinois shore.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 10, 1932, to be built by Sullivan County, Ind., or any board or commission of said county which is or may be created or established for the purpose, across the Wabash River, extending from some point in the county across said river to a point opposite on the Illinois shore, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

LEASING OF CERTAIN COAL LANDS, ALASKA

The Clerk read the next bill, H.R. 6179, to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes."

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the act approved October 20, 1914, entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes" (38 Stat.L. 741; U.S.C., title 48, secs. 432 to 452, inclusive), be, and the same is hereby, amended by adding thereto the following section:

"SEC. 19. In the event the Secretary of the Interior, in the interest of conservation, or for other satisfactory cause, shall direct, or shall assent to the suspension of operation and/or production of coal, or shall have heretofore so directed or assented, under any lease granted under the terms of this act, any payment of acreage rental prescribed by such lease likewise shall be suspended during such period of suspension of operations and/or production, including any such rental heretofore accruing but remaining unpaid; and the term of such lease shall be extended by adding thereto any such suspension period."

With the following committee amendment:

Page 2, lines 5 and 6, strike out "including any such rental heretofore accruing but remaining unpaid" and insert "and payment of any rental heretofore accrued during such period of suspension but remaining unpaid shall be waived."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

COUNSEL IN CASE OF UNITED STATES *v.* WEIRTON STEEL CO.

The Clerk called the next bill, H.R. 8883, limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co., and other cases.

The SPEAKER. Is there objection?

Mr. TRUAX. I should like to have some explanation of this bill.

Mr. TABER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

There was no objection.

INVESTIGATION OF NAZI ACTIVITY

Pursuant to the provisions of House Resolution 198, the Speaker appointed as members of the Special Committee to Investigate Nazi Activities in the United States: Mr. McCORMACK, Mr. DICKSTEIN, Mr. WEIDEMAN, Mr. KRAMER, Mr. JENKINS of Ohio, Mr. TAYLOR of Tennessee, and Mr. GUYER.

AIRPLANE PROCUREMENT

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I am a bit fearful, if newspaper reports be correct, that an effort will be made to influence the House into adopting a course with respect to supplying the Army with airplanes that in actual practice would not be economical, that would retard the procurement of airplanes, and that might result—and it seems to me would certainly result—in not acquiring the latest and most efficient types of these aerial-defense weapons.

I do not propose here to defend the acts of any individuals having to do with the negotiation of contracts for airplanes and aeronautical accessories or with the methods employed in such negotiations. I am willing to leave that to the appropriate officials of the War Department, whose business it is. If there have been improper practices, such corrective and punitive measures as the facts may warrant should be speedily taken. Negotiation, however, in my judgment, can be so regulated as to minimize to the greatest extent humanly possible the opportunity for proceeding contrary to the public interests. There is no need to abandon the principle. I have studied this question for a number of years. I have met with it every year in the consideration of the War Department appropriation bill. My reaction is that if military and naval aviation is to advance and keep apace with development abroad, and to have incorporated in its design the latest knowledge, the only method is to buy the best plane of each particular type that has been brought forward at the time purchase is to be made. Such a plane essentially would be in the proprietary category, and therefore would need to be acquired through negotiation.

The Public Works Administration allotted $7,500,000 to the Army and $7,500,000 to the Navy for airplane procurement. The primary purpose of these allotments was to promote industrial recovery. The Navy almost immediately negotiated contracts and its allotment is under expenditure. The Army was about to do the same thing, but the Assistant Secretary of War, despite the emergency, intervened and instituted a new procurement procedure, and the consequence is that the primary purpose of the allotment has been wholly defeated. Whether the Assistant Secretary of War changed specifications or specifications were changed, as they were, by some other person or persons at his direction is about as important as the difference between tweedle-dum and tweedle-dee. The fact remains that because of Mr. Woodring's untimely interference the military service stands before the public condemned for trying to do exactly what our other defense arm has done and is doing, and, without a word of criticism, and I wish to go on record as condemning his action in no uncertain terms.

There is nobody who believes in competition any more than I do, and I am sure the Comptroller General will bear me out in the assertion that he gets no better cooperation from any Member of either House of Congress than me; but I maintain and believe I can demonstrate that competition, in the ordinary sense, as applied to airplane procurement is unworkable, impracticable, and not in the public interest and will not be until the art becomes stabilized.

When the Army or Navy is in the market for planes, whatever the type, they wish and will buy under any circumstances only the most advanced types. No one can logically quarrel with that policy. If A actually has demonstrated that he is the sole producer of the most advanced type, why go beyond A? B and C may be producers. Assuming their plants are adequate, they have not the forms or requisite special equipment to proceed with the production of A's superior product. The full meaning and importance of this consideration immediately manifests itself during an inspection of an airplane plant in production. If B and C were invited to bid, necessarily they would have to include the cost of preparing themselves to go into production of A's plane. If time be a factor, B and C could not get into production until the patterns, forms, and special appliances could be gotten ready, which would entail a delay of not less than 6 or 8 months. The Government's interests are best protected by having personnel who, by training and experience, are qualified to conduct such negotiations.

Consider now if A, B, and C should be invited to bid. A knows he possesses the plane desired. Being cognizant of the added expense B and C must incur, it is obvious that competition in such circumstances, if fair bids be made, would not be in the public interest. Competition in such circumstances would in effect be a mere gesture.

On the other hand, if A is called in and a contract negotiated—and bear in mind that A wants and needs the business—he is not going to hold out for an excessive price, and that is determinable from previous procurement experience and the experience of the personnel negotiating the contract.

Another consideration: Airplanes have not yet been developed to the point to which rigid, standard specifications may be applied. Changes are constantly being brought forward looking to the production of a modern airplane. The introduction of such changes would not be practicable under a competitive contract for new models. Therefore, under such a contract, the design of the plane would be obsolete when the contract was executed. Let me illustrate: A and B, pursuant to invitation, submit sealed bids. From the day the invitation is issued new developments occur. Appraisement of the bids by technical experts is a matter of months. When award is made, it is for a plane lacking all the developments that have accrued from the time bids were invited.

I maintain—and always have—that negotiation should be confined to planes and engines and should exclude aeronautical accessories not strictly of a proprietary character.

I should not be opposed to having a representative of the General Accounting Office, designated by the Comptroller General, to sit in, to the extent practicable, on the negotiation of all contracts, and I should be in favor of having the General Accounting Office undertake the work of conducting audits of contractors' accounts.

I am not interested in whether this plant or that plant gets any business. My concern chiefly is in seeing that military and naval aviation is made as effective and efficient as possible. Efficiency and economy would be promoted by fewer makes of different types. First cost and the cost of spares would be appreciably lessened. Omitting purely amphibians, I can conceive of identical planes in both services, one force always as an auxiliary to the other. This would be true also as to flying personnel, technical personnel, and maintenance personnel, both civil and enlisted.

Competition, in practice, does not of itself assure the most advantageous prices. The human factor is still present. This town is always filled with persons engaged in representing houses selling to the Government who either have or claim to have influence in securing contracts. Why are they maintained here? Why do not those with whom they have to deal shut their doors to them? It is a pernicious practice and should be stopped. I do not believe it is generally realized, but a negotiated contract goes thrcugh more hands than a contract awarded as the result of competitive bidding. The chances for collusion in a negotiated contract are practically nil.

Mr. Speaker, I am in favor of all proper safeguards, but I am opposed to any course that may jeopardize supplying Army and Navy aviation with the most advanced types of military and naval airplanes.

### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 255. An act for the relief of John Hampshire; to the Committee on Claims.

S. 754. An act for the relief of Fred M. Munn; to the Committee on Military Affairs.

S. 838. An act for the relief of Anson H. Pease; to the Committee on Indian Affairs.

S. 896. An act for the relief of James Tulley Hazel; to the Committee on Military Affairs.

S. 1132. An act for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.; to the Committee on War Claims.

S. 1314. An act for the relief of Perry Randolph; to the Committee on Military Affairs.

S. 1328. An act to provide for the donation of certain Army equipment to posts of the American Legion; to the Committee on Military Affairs.

S. 1431. An act for the relief of Elmer E. C. Armstrong; to the Committee on Military Affairs.

S. 1432. An act for the relief of Henry Bartels; to the Committee on Military Affairs.

S. 1442. An act for the relief of John O'Gorman; to the Committee on Military Affairs.

S. 1527. An act for the relief of Charles A. Lewis; to the Committee on Claims.

S. 1544. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

S. 1557. An act for the relief of Harry Lee Shaw; to the Committee on Military Affairs.

S. 1594. An act for the relief of William Edward Tidwell; to the Committee on Military Affairs.

S. 1657. An act to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496) as amended by the act of February 14, 1931 (46 Stat.L. 1108); to the Committee on Indian Affairs.

S. 1694. An act for the relief of the city of New York; to the Committee on War Claims.

S. 1857. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; to the Committee on Claims.

S. 1874. An act relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; to the Committee on Indian Affairs.

S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; to the Committee on Indian Affairs.

S. 1891. An act to authorize the Secretary of the Interior to cancel restricted-fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

S. 1932. An act for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; to the Committee on the Public Lands.

S. 2080. An act to provide punishment for killing or assaulting Federal officers; to the Committee on the Judiciary.

S. 2096. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States; to the Committee on Agriculture.

S. 2104. An act for the relief of George W. Baker; to the Committee on Military Affairs.

S. 2233. An act for the relief of Mildred F. Stamm; to the Committee on Claims.

S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation; to the Committee on the Judiciary.

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise; to the Committee on the Judiciary.

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce; to the Committee on the Judiciary.

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases; to the Committee on the Judiciary.

S. 2378. An act for the relief of August R. Lundstrom; to the Committee on Military Affairs.

S. 2425. An act to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927; to the Committee on Indian Affairs.

S. 2568. An act granting leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; to the Committee on the Public Lands.

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor; to the Committee on the Judiciary.

S. 2584. An act for the relief of Elmer Kettering; to the Committee on Claims.

S. 2672. An act for the relief of Mabel S. Parker; to the Committee on Claims.

S. 2754. An act to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; to the Committee on Indian Affairs.

S. 2835. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States; to the Committee on Merchant Marine, Radio, and Fisheries.

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; to the Committee on the Judiciary.

S. 2863. An act for the relief of Don C. Fees; to the Committee on Claims.

S. 2870. An act to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes; to the Committee on Banking and Currency.

S. 2924. An act to include within the Deschutes National Forest, in the State of Oregon, certain public lands within the exchange boundaries thereof; to the Committee on the Public Lands.

S. 2934. An act to facilitate the acquisition of migratory-bird refuges, and for other purposes; to the Committee on Agriculture.

S. 2997. An act authorizing loans by Federal Land banks to incorporated associations and corporations in certain cases, and for other purposes; to the Committee on Agriculture.

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.; to the Committee on Interstate and Foreign Commerce.

S.J.Res. 93. Joint resolution authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers, and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

S.J.Res. 94. Joint resolution to retire George W. Hess as Director Emeritus of the Botanic Garden; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

The SPEAKER announced his signature to enrolled bills and an enrolled joint resolution of the Senate of the following titles:

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 1528. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2324. An act for the relief of the Noank Shipyard, Inc.;

S. 2550. An act granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes;

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes), in accordance with the order heretofore made, the House adjourned until Monday, April 9, 1934, at 12 o'clock noon.

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## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

401. A letter from the Secretary of the Navy, transmitting draft of a bill to amend the act approved February 15, 1929, entitled "An act to permit certain warrant officers to count all active service rendered under temporary appointments as warrant or commissioned officers in the Regular Navy or as warrant or commissioned officers in the United States Naval Reserve Force for purposes of promotion to chief warrant rank"; to the Committee on Naval Affairs.

402. A letter from the Secretary of the Treasury, transmitting draft of a bill to provide relief to Government contractors operating under codes; to the Committee on the Judiciary.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HAINES: Committee on the Post Office and Post Roads. H.R. 8701. A bill to fix the rates of postage on reading matter for the blind; without amendment (Rept. No. 1142). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8568. A bill to amend section 11 (i) of the District of Columbia Alcoholic Beverage Act (Public, No. 85, 73d Cong.); with amendment (Rept. No. 1143). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 324. A resolution for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; without amendment (Rept. No. 1144). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8519. A bill to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act; with amendment (Rept. No. 1146). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8854. A bill to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24; with amendment (Rept. No. 1147). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 4548. A bill to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes; with amendment (Rept. No. 1148). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOREHEAD: Committee on the Post Office and Post Roads. H.R. 5334. A bill to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226); without amendment (Rept. No. 1149). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROMJUE: Committee on the Post Office and Post Roads. H.R. 3384. A bill for the relief of Ralph C. Irwin; with amendment (Rept. No. 1145). Referred to the Committee of the Whole House.

## CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 2132) granting a pension to Neoma Brooks, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

My Mr. RUDD: A bill (H.R. 8977) to amend the Radio Act of 1927, approved February 23, 1927, as amended; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. BROWN of Michigan: A bill (H.R. 8978) creating the International Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. ELLENBOGEN: A bill (H.R. 8979) to make an additional appropriation of $2,000,000,000 for the construction of Public Works projects and of $400,000,000 for Federal grants to the several States for construction and extension of highways, and for other purposes; to the Committee on Appropriations.

By Mr. DARDEN: A bill (H.R. 8980) to amend the Agricultural Adjustment Act, as amended; to the Committee on Agriculture.

By Mr. SINCLAIR: A bill (H.R. 8981) to provide for the purchase and sale of farm products; to the Committee on Agriculture.

By Mr. HOWARD (by departmental request): A bill (H.R. 8982) to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes; to the Committee on Indian Affairs.

By Mr. BACON: A bill (H.R. 8983) providing for the examination and survey of Lake Montauk Harbor, Long Island, N.Y.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 8984) providing for the examination and survey of Sterling Harbor, Long Island, N.Y.; to the Committee on Rivers and Harbors.

By Mr. DIMOND: A bill (H.R. 8985) to authorize compensation in lieu of accumulated leave to employees separated from the Department of Agriculture through the discontinuance of the United States experiment stations in Alaska, Guam, and the Virgin Islands; to the Committee on Appropriations.

By Mrs. NORTON: A bill (H.R. 8986) to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

Also, a bill (H.R. 8987) to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia, and to determine its functions, and for other purposes", approved July 15, 1932; to the Committee on the District of Columbia.

By Mr. FIESINGER: A bill (H.R. 8988) to amend section 8 of part 2 of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. HILL of Alabama: A bill (H.R. 8989) to amend section 2, subsection (c), of the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. BANKHEAD: Resolution (H.Res. 324) for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H.R. 8990) granting an increase of pension to Emily Semple Wood; to the Committee on Pensions.

Also, a bill (H.R. 8991) granting a pension to Barbara Oertel; to the Committee on Pensions.

By Mr. CONNOLLY: A bill (H.R. 8992) for the relief of Frank A. Groner; to the Committee on Military Affairs.

By Mr. DARDEN: A bill (H.R. 8993) for the relief of the heirs-at-law of Barnabas W. Baker and Joseph Baker; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 8994) for the relief of Garfield Arthur Ross; to the Committee on Claims.

By Mr. REILLY: A bill (H.R. 8995) granting a pension to Augusta E. I. Sutton; to the Committee on Pensions.

By Mr. SCHAEFER: A bill (H.R. 8996) granting a pension to Antonia Kuehn; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3536. By Mr. BACON: Petition of the New York State Legislature (urging the prohibition of any discrimination

because of race, creed, or color in public restaurants under the control of the Congress; to the Committee on Accounts.

3637. By Mr. ENGLEBRIGHT: Telegrams from California, with reference to the Johnson amendment to the Bankhead cotton bill; to the Committee on Agriculture.

3638. Also, petition of the Richmond Chamber of Commerce, Richmond, Calif., protesting against the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3639. By Mr. FULMER: Resolution of the Charleston Retail Merchants Association, of Charleston, S.C., favoring the enactment of the Pettengill bill, and "respectfully urging our Senators and Congressmen to work for the passage of this bill at this session of Congress"; to the Committee on Interstate and Foreign Commerce.

3640. By Mr. GOODWIN: Petition of Rev. J. B. Conroy, pastor St. Johns Church, Clove, Ulster County, N.Y., in behalf of 150 members of his church, requesting the support of the amendment to section 301 of Senate bill 2910 providing for the regulation of interstate and foreign communications by wire or radio, and for other purposes; to the Committee on Interstate and Foreign Commerce.

3641. Also, petition of Mrs. M. Victoria Kaiser and others, residents of Sullivan County, N.Y., voicing disapproval of House bill 5812, which calls for the administering of a silver-nitrate solution to the eyes of all new-born children in the District of Columbia; to the Committee on the District of Columbia.

3642. By Mr. HOWARD: Petition of Edwin Weinrich, of Pierce, Nebr., and other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3643. Also, petition of Adolph H. Claussen, of Wayne, Nebr., and other producers of livestock in the Third District of Nebraska, urging favorable consideration of Senate bill 3064; to the Committee on Agriculture.

3644. By Mr. JENKINS of Ohio: Petition signed by producers of livestock in Vinton County, Ohio, urging support of Congress of Senate bill 3064, which is an amendment to the Packers and Stockyards Act regulating direct purchases of livestock in the country as well as feeding operations; to the Committee on Agriculture.

3645. By Mr. KENNEY: Petition in the nature of a resolution of the Senate of the State of New Jersey, respectfully urging the Members of Congress from the State of New Jersey to make every effort to bring about the prompt enactment of such legislation as comprised in either House bill 8231 or 8303; to the Committee on Ways and Means.

3646. By Mr. LINDSAY: Petition of Cork Import Corporation, New York City, opposing the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3647. Also, telegram of Joseph Moran, of Brooklyn, N.Y., opposing the enactment of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3648. Also, petition of the Crown Manufacturers Association of America, Washington, D.C., protesting against the Fletcher-Rayburn bill, the tariff bill, and the Wagner labor bill; to the Committee on Interstate and Foreign Commerce.

3649. Also, petition of the Negro Foreign Born Citizens League, New York City, favoring the De Priest resolution; to the Committee on Rules.

3650. Also, petition of the Harlem Lawyer's Association, New York City, favoring the De Priest resolution; to the Committee on Rules.

3651. Also, petition of William McGlinchey, of Brooklyn, N.Y., protesting against the enactment of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3652. Also, petition of Walter L. Cuff, John E. Tibbetts, Adam Schlauch, Peter J. Dunn, Helen Fyfe, Helen M. O'Dea, Peter Dalton, Mrs. D. Fitzgerald, and Robert Mulhall, all of the Third Congressional District, Brooklyn, N.Y., favoring proposed amendment to section 301, Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3653. Also, petition of the Brooklyn Catholic Action Council, Brooklyn, N.Y., recommending favorable action on amendment submitted by Rev. John B. Harney to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3654. Also, petition of L. Bernadette Schneider and others, voters of the Third Congressional District of New York, favoring amendment proposed by Rev. J. B. Harney to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3655. Also, petition of William R. Warner & Co. Inc., New York City, protesting against the increased tax on non-beverage alcohol used in the manufacture of medicinal products; to the Committee on Ways and Means.

3656. By Mr. PERKINS: Petition of residents of Warren, Hunterdon, and Bergen Counties of the State of New Jersey, petitioning Congress to act at once to safeguard the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

3657. Also, petition of the Senate of the State of New Jersey (the House of Assembly concurring), urging the Members of Congress from New Jersey to bring about enactment of a bill to permit State taxation of interstate sales; to the Committee on Interstate and Foreign Commerce.

3658. By Mr. RUDD: Petition of the Cork Import Corporation, New York City, opposing the passage of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3659. Also, petition of the Bilt-Rite Baby Carriage Co., Brooklyn, N.Y., opposing the passage of Senate bill 2926 and House bill 8423; to the Committee on Labor.

3660. Also, petition of the Crown Manufacturers' Association of America, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3661. Also, petition of the Order of Alhambra, Brooklyn, N.Y., favoring the amendment to section 301 of Senate bill 2910 offered on behalf of Radio Station WLWL, New York; to the Committee on Merchant Marine, Radio, and Fisheries.

3662. Also, petition of Frank Associates, Inc., New York City, opposing the passage of Wagner-Connery bill, the tariff bill, and the Connery 30-hour week bill; to the Committee on Labor.

3663. Also, petition of the Harlem Lawyers' Association, New York City, favoring the passage of the De Priest resolution, House Resolution 236; to the Committee on Rules.

3664. Also, petition of the Bilt-Rite Baby Carriage Co., Brooklyn, N.Y., opposing the passage of House bill 8430; to the Committee on Ways and Means.

3665. By Mr. SUTPHIN: Concurrent resolution adopted by both houses of the New Jersey Legislature, urging prompt enactment of legislation as provided in House bills 8231 and 8303 and Senate bill 2897; to the Committee on Interstate and Foreign Commerce.

3666. Also, resolution of Middlesex Council 857, Knights of Columbus, opposing pending birth-control legislation; to the Committee on the Judiciary.

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# SENATE

## FRIDAY, APRIL 6, 1934

*(Legislative day of Wednesday, Mar. 28, 1934)*

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

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| Adams | Bachman | Barkley | Borah |
| Ashurst | Bailey | Black | Brown |
| Austin | Bankhead | Bone | Bulkley |